China Medical & HealthCare Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 383)

2023
Annual Report

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Kong Muk Yin
Mr. Guo Meibao
Mr. Zhou Haiying

Non-Executive Directors

Mr. Lee Seng Hui *(Chairman)*
Mr. Mark Wong Tai Chun
Mr. Gao Zhaoyuan

Independent Non-Executive Directors

Mr. Zhang Jian
Dr. Xia Xiaoning
Dr. Wong Wing Kuen, Albert
Ms. Yang Lai Sum, Lisa

AUDIT COMMITTEE

Dr. Wong Wing Kuen, Albert *(Chairman)*
Mr. Gao Zhaoyuan
Mr. Zhang Jian
Dr. Xia Xiaoning
Ms. Yang Lai Sum, Lisa

NOMINATION COMMITTEE

Mr. Kong Muk Yin *(Chairman)*
Mr. Zhang Jian
Dr. Xia Xiaoning
Dr. Wong Wing Kuen, Albert
Ms. Yang Lai Sum, Lisa

REMUNERATION COMMITTEE

Dr. Xia Xiaoning *(Chairman)*
Mr. Kong Muk Yin
Mr. Mark Wong Tai Chun
Mr. Gao Zhaoyuan
Mr. Zhang Jian
Dr. Wong Wing Kuen, Albert
Ms. Yang Lai Sum, Lisa

COMPANY SECRETARY

Mr. Kong Muk Yin

AUDITOR

BDO Limited
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

SOLICITORS

Robertsons
P.C. Woo & Co.

PRINCIPAL BANKERS

Agricultural Bank of China Limited
Bank of China Limited
Bank of Hangzhou Co., Ltd.
Bank of Ningbo Co., Ltd.
China Guangfa Bank Co., Ltd.
China Merchants Bank Corporation
Industrial and Commercial Bank of China Limited
Industrial and Commercial Bank of China (Asia) Limited
Shanghai Rural Commercial Bank Co., Ltd.
The Hongkong and Shanghai Banking Corporation Limited

REGISTERED OFFICE

Victoria Place, 5th Floor, 31 Victoria Street
Hamilton HM 10, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

47/F, United Asia Finance Centre
333 Lockhart Road
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

MUFG Fund Services (Bermuda) Limited
4th Floor, North Cedar House, 41 Cedar Avenue
Hamilton HM 12, Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

383

WEBSITE

www.cmhg.com.hk
www.irasia.com/listco/hk/cmhg/

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board") of China Medical & HealthCare Group Limited (the "Company"), I have the pleasure to present the financial results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2023.

FINANCIAL RESULTS

For the year ended 31 December 2023, the Group recorded a total revenue of HK$1,572,305,000 (2022: HK$1,437,863,000) representing an approximately 9.35% increase as compared with the total revenue for the year ended 31 December 2022 and a profit attributable to owners of the Company of HK$11,295,000 versus a loss for the corresponding year (2022: loss of HK$123,574,000).

The profit attributable to owners of the Company was mainly due to (i) the increase in revenue from operations of the healthcare division amid the relaxation of epidemic preventive measures and the resumption of economic and social activities in the PRC; (ii) the decrease in loss on fair value of investment properties; (iii) the decrease in net foreign exchange loss; (iv) the decrease in impairment loss under expected credit losses ("ECL") model; (v) the increase in interest income from bank deposits but were partially off-set by (vi) the increase in cost of pharmaceutical and medicine.

Earnings per share (basic) for the year ended 31 December 2023 was HK1.22 cents (2022 (restated): loss per share (basic) of HK16.94 cents) which has been adjusted to reflect the effect of the bonus element of the rights issue in June 2023 on the basis of one rights share for every two issued shares of the Company.

The Group's net asset value per share, attributable to shareholders of the Company ("Shareholders"), as at 31 December 2023 amounted to HK$1.72 (2022: HK$2.15 (adjusted for the effect of share consolidation effective on 24 February 2023)).

FINAL DIVIDEND

The Directors recommended the payment of a final dividend of HK1 cent per share in cash for the year ended 31 December 2023 (2022: nil) with the total amount of dividend amounting to approximately HK$10,860,055, subject to approval by the Shareholders at the 2024 annual general meeting of the Company (the "AGM"), payable on Friday, 2 August 2024 to those Shareholders whose names appear on the register of members at the close of business on Tuesday, 4 June 2024.

CLOSURE OF REGISTER OF MEMBERS

(i) Entitlement to attend and vote at the AGM:

The AGM is scheduled to be held on Monday, 20 May 2024. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 14 May 2024 to Monday, 20 May 2024, both dates inclusive, during which period no transfer of shares of the Company will be effected. In order to be eligible to attend and vote at the AGM, all transfers of ordinary shares, duly accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 13 May 2024.

(ii) Entitlement to the final dividend:

For determining the entitlement to the final dividend for the year ended 31 December 2023, the register of members of the Company will be closed from Monday, 3 June 2024 to Tuesday, 4 June 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 31 May 2024.

CHAIRMAN'S STATEMENT

REVIEW OF OPERATIONS

The Group's principal businesses are investment in and management and operation of healthcare and hospital businesses, eldercare businesses, trading of medical equipment and related supplies, property investment and development, securities trading and investments, provision of financial services and strategic investment.

Healthcare Division:

Since December 2022, despite the full-lifting of epidemic preventive measures, the Healthcare Division of the Group has been operating under high pressure as the numbers of out-patient visits and in-patient admissions of COVID-19-infected patients reaching the peak two weeks after the release of restrictions and continuing to mid to late January 2023. Although the impact of the epidemics gradually subsided, the operating results of the Division during such period was severely affected. Commencing from March 2023, given that improvement in the external restrictive environment, patients' needs for receiving medical treatments have been moderately released but was negatively affected by the weaker-than-expected recovery of the macro-economy and the consumer sentiment.

Under such challenging operating conditions, the Group's Healthcare Division, operated through its wholly-owned subsidiary, Tongren Healthcare Industry Group Company Limited (同仁醫療產業集團有限公司), achieved an increased revenue of HK$1,521,859,000 (2022: HK$1,382,134,000) and an improved profit of HK$85,839,000 (2022: HK$12,828,000) inclusive of a decrease in impairment loss under ECL model of HK$3,494,000 (2022: HK$34,493,000). Without interest, tax, depreciation and amortization, the Healthcare Division generated an EBITDA, being earnings before interest, tax, depreciation and amortization, of HK$202,095,000 (2022: HK$143,774,000) for the year ended 31 December 2023.

Nanjing hospital of the Healthcare Division ("NJH"):

For NJH, a Class III B integrated hospital located in Jiangning Development Zone, Nanjing City, Jiangsu Province, the PRC and the Division's flagship hospital, currently it operates 43 clinical medical & technical departments including 1 national key clinical specialty (otorhinolaryngology ("ENT"), head and neck surgery), 1 provincial key clinical specialty (ENT, head and neck surgery), 6 municipal key medical specialties (ENT, head and neck surgery, ophthalmology, neurology, medical imaging, anesthesiology and clinical laboratory), as well as the approved NJH's ENT Hospital, Nanjing Tongren Internet Hospital and Nanjing Tongren Children's Hospital.

During the year under review:

(i) For scientific and educational research:

NJH's department of ENT, head and neck surgery successfully applied for one district-level project in Jiangning District;

A conference on ENT, head and neck surgery and medical laboratory science was held in September 2023 with many well-known experts and professors from Jiangsu Province participated in the conference and lectures covering new clinical theories, technologies, knowledge and disciplines construction and development concepts, further enhancing the popularity and influence of NJH's related specialties in the industry; and

The ENT, head and neck surgery project of NJH was awarded the first prize for Provincial New Technology Introduction by Jiangsu Health Commission in November 2023.

CHAIRMAN'S STATEMENT

(ii) For specialties and departments development:

NJH established the "Allergy Specialist Out-patient Clinics", which is led by the department of ENT, head and neck surgery and partnered with departments of respiratory medicine, pediatrics, dermatology, ophthalmology, Chinese medicine and other disciplines, providing more comprehensive and professional "One-Stop" clinical services to its patients and improving NJH's treatment standard for allergies;

The hospital removed the daily admission quota of its specialist out-patient clinics, extended out-patient clinics service in weekends, strengthened the out-patient management of medium to senior level specialists aiming to improve the quality and standard of its clinical services and establishing a good public image of the hospital;

NJH completed the inspection and acceptance of the online payment system of medical insurance (智捷付), allowing policy holders to pay for appointment, inspection and medicine through the online payment system, which significantly reduced the waiting time of its patients, improved patients' experience and raised patient satisfaction for its services; and

A new endoscope center has commenced its operation. Meanwhile, the successful launch of the studio of Professor Fan Zhining facilitates the technical standard and comprehensive capability of the gastroenterology of the hospital to reach a new stage.

(iii) For marketing:

In respect of medical consortium development, NJH increased its interaction with grassroots medical institutions. Through party building and mutual exchange activities with multiple grassroots institutions, as well as school-hospital cooperation, NJH successively entered into medical consortium cooperation agreements and actively interacted with various medical institutions, such as the School Hospital of Nanjing University of Aeronautics and Astronautics (南京航空航天大學校醫院), Nanjing Welfare Institution (南京福利院), Jiangqiao (江喬), Xiangyue (享悅), Nuohetang (諾和堂) and Bojia Hospital (博嘉醫院);

NJH participated in a total of 64 social service activities, including 20 corporate healthcare lectures and 42 volunteer health clinic services, achieving good social effects; and

In respect of media publicity, NJH participated in 6 episodes of《健康新7點》by Jiangsu TV, 12 episodes of《健康大講堂》by Nanjing Broadcasting System and 12 episodes of《名醫面對面》by Nanjing Radio and published around 50 articles on external media.

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Kunming hospital of the Healthcare Division ("KMH"):

For KMH, a Class III A integrated hospital of the Group located in Kunming City, Yunnan Province, PRC, currently it operates 42 clinical medical & technical departments.

During the year under review:

(i) For scientific and educational research:

KMH won a provincial-level's Thousand Engineering Project (千工程項目) and completed the mid-term assessment of municipal scientific research projects;

KMH convened an international spinal cord injury academic seminar in September 2023. Many international academicians and experts jointly guided, exchanged and discussed the latest research results, treatment methods and rehabilitation technologies in the field of spinal cord injury, bringing new hopes to patients with spinal cord injury and further boost Kunming's medical and healthcare development;

KMH has applied for 7 municipal-level health research projects (including 1 project in gynecology, 1 project in ENT, 2 projects in anesthesiology and 3 projects in the nursing department), and 5 provincial-level continuing medical education projects; and

KMH became the chairman unit of the Yunnan Provincial Private Hospital Branch, further playing a leading role in the region.

(ii) For specialties and departments development:

KMH received the "From Basic to Standard (基轉標)" on-site verification and certification for its heart failure center. It is expected that KMH will successfully pass the acceptance and be approved as a standard heart failure center.

(iii) For marketing:

A total of 20 departments, including ultrasound medical department, department of ENT, department of orthopedics and department of gynecology, have conducted more than 260 volunteer health clinic services and 47 ward visits in surrounding communities and elderly homes, serving more than 7,400 people; and

KMH and Zhishan Foundation (智善公益基金會) jointly organized the China Dream — Spinal Project Volunteer Health Clinic Services and Relief Program (中國夢 • 脊樑工程義診救助活動). Professor Luo Zhuojing, the dean of department of orthopedics of Xijing Hospital (西京醫院) and Professor Hu Xueyu of Xijing Hospital (西京醫院) provided volunteer health clinic services for 51 spinal patients from Kunming, Yuxi, Lijiang and other places, and assisted the department of spine and spinal cord to recruit spinal cord injury patients to participate in clinical trial projects.

CHAIRMAN'S STATEMENT

(iv) For development of KMH Phase II:

The KMH Phase II includes, among others, the integrated in-patient building, oncology and nuclear medical building and the rehabilitation medical building with an approved total construction area of approximately 66,021 m^2. During the year under review, the main basement works of the oncology and nuclear medical building were completed while the construction of basement works of the integrated in-patient building and the rehabilitation medical building were commenced in October 2023.

Nanjing Cedar Care Polyclinic of the Healthcare Division ("NCCPC"):

NCCPC, the high-end integrated clinic situated at the prime commercial building in the central business district of Hexi, Nanjing, commenced operation in October 2022, offers a wide range of healthcare services, such as general practice, ophthalmology, ENT, stomatology and medical aesthetics to patients.

(i) NCCPC focused on enhancing the performance of the departments of ophthalmology, medical aesthetics and ENT. Given that these specialties have relatively high degree of market differentiation, NCCPC will invest more resources into these departments to enhance its professional standard of medical technology level;

(ii) The Children's Growth and Development Center Project (兒童生長發育中心項目) was introduced using height management as the entry point to establish a membership-based customized health management system to create a traffic portal for its general practice; and

(iii) In respect of marketing, NCCPC has increased marketing investment and strengthened cooperation with third-party channel. Through collaborative operations of specialties and general practice departments, it aims to attract mid-to-high-end customers to boost its popularity and accumulate customer base, gradually driving its business income.

For the year under review, NJH recorded a total of 1,084,533 (inclusive of 10,423 related to nucleic acid testing) out-patients visits (2022: 2,961,246 (inclusive of 2,042,781 related to nucleic acid testing)), 34,730 in-patient admissions (2022: 27,963) and 61,377 body-checks (2022: 58,643), KMH recorded a total of 449,657 out-patients visits (2022: 358,445), 21,543 in-patient admissions (2022: 16,839) and 68,146 body-checks (2022: 91,581) and NCCPC recorded a total of 30,754 out-patients visits (2022: 1,813).

As at 31 December 2023, NJH operated with 414 doctors (2022: 403), 552 nurses (2022: 525) and 1,144 beds (2022: 1,144), KMH operated with 269 doctors (2022: 267), 390 nurses (2022: 401) and 500 beds (2022: 500) and NCCPC operated with 66 doctors (2022: 41) and 21 nurses (2022: 16).

CHAIRMAN'S STATEMENT

Eldercare Division:

Under a difficult operating conditions, for the year ended 31 December 2023, the Group's Eldercare Division, operated through its wholly-owned subsidiary, Aveo China (Holdings) Limited, recorded a decreased revenue of HK$41,716,000 (2022: HK$49,787,000) and a decreased loss of HK$46,684,000 (2022: HK$51,169,000) inclusive of a decreased loss on fair value of its investment properties of HK$4,533,000 (2022: HK$11,318,000) and a decreased provision for properties held for sale of HK$3,089,000 (2022: HK$5,694,000) which were partially off-set by the provision for properties under development for sale of HK$2,998,000 (2022: nil).

As at 31 December 2023, Tide Health Campus (天地健康城) of the Eldercare Division located in Zhu Jia Jiao County, Qingpu District, Shanghai, the PRC, a retirement community village that integrates community eldercare, institutional eldercare, home eldercare and eldercare nursing hospital (Shanghai Deyi Hospital, "SDH"), sold 857 Independent Living Units ("ILU(s)") out of a total inventory of 868 ILUs and among which 1 ILU (2022: 2 (net)) were recorded as sales in the year under review with more than 347 residents (2022: 347) moved into the retirement community village. In addition, the Division's serviced apartments ("SA(s)") consist of two 11-storey buildings with the construction and renovation of the first building and the second building completed in November 2016 and May 2020 respectively, offering a total of 210 SAs (2022: 210) for lease. As at 31 December 2023, the Division leased out 70 SAs (2022: 57).

Amid a weak real estate market, the sales of the Division's key products were weak. Although the Division strictly implemented the strategy of cost reduction and efficiency enhancement, the operating income of the eldercare business declined and fell short of the expected target.

During the year under review:

(i) For eldercare community operation:

The three major working platforms namely training, quality control, complaints and feedbacks have been improved and strengthened to improve the service quality of the eldercare product line. At the same time, the Division further explored the potential of the members' health and medical rehabilitation needs and continued to deepen the quality and content of services in areas such as healthcare services follow-up, chronic disease intervention, medication guidance, and in-depth interpretation of medical examination reports. In respect of cost control, the Division has adjusted the number of care workers to maximize the worker-to-service ratio, implemented the energy-saving and consumption-reducing policies, controlled the use of consumables, and reduced wastage. Elderly homes have strengthened its basic services coverage in all aspects and met the mental and physical health needs of tenants by holding birthday parties, providing volunteer health clinic services and other activities.

(ii) For eldercare nursing hospital operation:

Post-pandemic, Shanghai's eldercare institutions and nursing hospital generally reduced their staff by about 30% on average, and competition among nursing homes intensified. To cope with this operational challenge, SDH has gradually improved the income structure of the nursing home by offering examinations, inspections and rehabilitation treatments, and increasing the proportion of medical insurance in a reasonable and compliant manner. Various drug suppliers have been arranged to optimize the drug consumption structure and price system, and reduce the cost of drugs and consumables. SDH have increased sales efforts and strengthened cooperation with key departments of Zhongshan Qingpu Hospital (中山青浦醫院), Zhuren Hospital (朱人醫), Qingzhong Hospital (青中醫) and other hospitals to divert patients.

CHAIRMAN'S STATEMENT

During the year ended 31 December 2023, SDH recorded a total of 18,610 out-patients visits (2022: 16,510) and 8,731 in-patient admissions (2022: 8,998). As at 31 December 2023, SDH operated with 21 doctors (2022: 22), 16 nurses (2022: 17) and 100 beds (2022: 100). As at 31 December 2023, home care services were rendered to nil elders (2022: 40) with nil visits (2022: 3,795) since SDH no longer provides such trial-run services in 2023.

As at 31 December 2023, the Division's investment properties portfolio, 100% attributable to the Group, comprising two SAs (2022: two) (two 11-storey buildings with total gross floor area ("GFA") of 17,117 m^2) and the retail shopping precinct (retail shops with GFA of 1,980 m^2 and shopping mall with GFA of 7,354 m^2) with a total value amounted to HK$338,000,000 (2022: HK$350,086,000). The Division's property under development for sale consisted of a residential property in Shanghai, the PRC, amounted to HK$141,147,000 (2022: HK$147,402,000).

Property Development:

For the year ended 31 December 2023, the Group's property development business recorded a decreased revenue of HK$125,000 (2022: HK$732,000) but a decreased loss of HK$2,065,000 (2022: HK$24,329,000) mainly due to decrease in provision for properties under development for sale of HK$1,344,000 (2022: HK$5,000,000) and written off of property, plant and equipment of nil (2022: HK$10,296,000).

As at 31 December 2023, the Division's properties under development for sale decreased to HK$36,826,000 (2022: HK$38,204,000) consisted of a parcel of commercial land in Lianyungang, the PRC and an office premise in Guangzhou, the PRC.

Property Investment:

For the year ended 31 December 2023, the Group's investment properties portfolio, for leasing, located in Hong Kong and the PRC recorded a rental income of HK$5,124,000 (2022: HK$5,188,000) and a profit of HK$4,481,000 (2022: loss of HK$9,397,000) with a gain on fair value of investment properties of HK$1,009,000 (2022: loss of HK$12,628,000).

As at 31 December 2023, the Division's investment properties portfolio, 100% attributable to the Group, increased to HK$207,920,000 (2022: HK$207,003,000).

CHAIRMAN'S STATEMENT

Securities Trading and Investments:

For the year under review, the Group's activities in securities trading and investments recorded a revenue of HK$3,481,000 (2022: HK$22,000) and a loss of HK$2,009,000 (2022: HK$2,594,000). This was mainly due to the loss in fair value of investments held for trading of HK$1,984,000 (2022: HK$2,702,000).

As at 31 December 2023, the Group maintained a portfolio of investments held for trading of HK$6,624,000 (2022: HK$12,089,000).

Investments held for trading:

As at 31 December 2023, the Group's investments held for trading consisted of securities listed in different geographic locations and their respective performance were as follows:

Geographic Location	Carrying value 2023 *HK$'000*	Carrying value 2022 *HK$'000*	Realized loss 2023 *HK$'000*	Loss on fair value 2023 *HK$'000*	Dividend received 2023 *HK$'000*	% of carrying value to the Group's total assets 2023 %
Hong Kong	4,949	9,966	(14)	(1,536)	—	0.14%
Australia	1,236	1,369	—	(133)	—	0.03%
Philippines	439	754	—	(315)	—	0.01%
Total	6,624	12,089	(14)	(1,984)	—	

As at 31 December 2023, the Group's investments held for trading consisted of investments in different category of companies and their respective performance were as follows:

Principal Business	Carrying value 2023 *HK$'000*	Carrying value 2022 *HK$'000*	Realized loss 2023 *HK$'000*	(Loss)/gain on fair value 2023 *HK$'000*	Dividend received 2023 *HK$'000*	% of carrying value to the Group's total assets 2023 %
Entertainment and media	737	1,210	—	(473)	—	0.02%
Financial services and investment	70	140	—	(70)	—	0.00%
Industrial materials	267	3,747	(14)	1	—	0.01%
Property and construction	5,550	6,992	—	(1,442)	—	0.15%
Total	6,624	12,089	(14)	(1,984)	—	

CHAIRMAN'S STATEMENT

As at 31 December 2023, there was no investment held for trading which was significant to the Group (exceeded 5% the total assets of the Group).

The Group considers that the performance of the Group's investment portfolio in listed securities is generally affected by economic, political and financial market environments, globally and regionally, and is susceptible to the volatility of the financial markets.

Money Lending:

For the year ended 31 December 2023, the Group's money lending business recorded no interest income (2022: nil) and a loss of HK$2,189,000 (2022: HK$5,202,000). As at 31 December 2023, the carrying value of the loan receivable ("Loan"), after full impairment provision, is nil (2022: nil).

References are made to the Company's announcements dated 10 September 2018 and 26 September 2019 respectively, the paragraph headed "Money Lending" on pages 26 to 27 of the announcement of the final results for the eighteen months ended 31 December 2019 dated 30 March 2020, the announcements dated 28 April 2020, 6 May 2020 and 19 May 2020 respectively, the paragraph headed "Money Lending" on pages 21 to 24 of the announcement of the interim results for the six months ended 30 June 2020 dated 27 August 2020, the announcements dated 29 October 2020 and 10 November 2020 respectively, the paragraph headed "Money Lending" on pages 23 to 27 of the announcement of the annual results for the year ended 31 December 2020 dated 30 March 2021, the announcement dated 20 April 2021, the paragraph headed "Money Lending" on pages 22 to 23 of the announcement of the interim results for the six months ended 30 June 2021 dated 26 August 2021, the paragraph headed "Money Lending" on pages 25 to 26 of the announcement of the annual results for the year ended 31 December 2021 dated 29 March 2022, the paragraph headed "Money Lending" on page 23 of the announcement of the interim results for the six months ended 30 June 2022 dated 25 August 2022, the paragraph headed "Money Lending" on page 24 of the announcement of the annual results for the year ended 31 December 2022 dated 28 March 2023 and the paragraph headed "Money Lending" on page 23 of the announcement of the interim results for the six months ended 30 June 2023 dated 18 August 2023. Capitalized terms used in this paragraph headed "Money Lending" shall have the same meanings as those defined in the aforesaid announcements unless the context requires otherwise.

In view of the prevailing development and based on information available at the material time, the Group made a prudent full impairment loss allowance on the Loan in 2021. However, the Group will continue to maintain dialogue with the Borrower Group and the new JPLs (if possible), discuss and negotiate with potential investors, regularly monitor the progress of settlement, enforcement and/or realization of security assets, reassess the value of securities (based on the information currently available to the Group from time to time) and shall take all appropriate actions as and when appropriate.

Business Model and Customer Profile:

The Group provides secured and unsecured term loans to its customers under its financial services segment. Money lending activities diversifies the income stream and business risks of the Group, and generates a stable return with the Group's available financial resources on hand from time to time. The Group mainly financed its money lending business by its internal resources and/or borrowings.

The Group does not set a specific target for the industry, business or level of annual revenue to corporate customers. The customers of the Group's money lending business were referred to the Group through its corporate or business networks.

CHAIRMAN'S STATEMENT

Risk Management Policies:

The Group adopts a thorough credit assessment and approval process, and will assess and approve each loan transaction on a case-by-case basis. The account & finance department of the Group is responsible for conducting a background check on the prospective customer in compliance with the applicable laws and regulations, reviewing the background, financial position and strength of such customer and/or the guarantor (if any), and enquiring the prospective customer about the purpose of the loan and the expected source of funds for loan repayment. To support its analysis, the Group will obtain corporate documents, financial statements and search reports of the customer and/or the guarantor (if any), and thereafter, assess the credit risk of the loan and negotiate the terms thereof after considering (i) the background and financial position of the customer and/or the guarantor (if any), including net asset value and gearing ratio; and (ii) the value of the securities, if any. Each loan transaction will be approved by either the Board, if such transaction is material or by the executive committee of the Board. The account & finance department monitors the loan and interest repayment regularly and reviews the annual financial statements of the borrowers and guarantors (if any). It would promptly report to the management of the Group for any delay or default in repayment upon maturity, who would then formulate plans for loan collection, including but not limited to requesting for additional securities or initiating legal actions.

Loan Impairment Policies:

The Group adopts ECL allowances according to the requirements of HKFRS 9 issued by the HKICPA. Accordingly, it shall review the recoverable amount of each loan at the end of each reporting period to ensure that adequate impairment losses are made. The Group applies a general approach on loan receivables to assess for the ECLs. Assessment is based on the Group's historical credit loss experience, adjusted for factors that are specific to the borrower. In order to measure the ECLs of loan receivables, the Group will apply a credit rating for each of its borrowers by reference to each borrower's past default records, current past due exposure, an analysis of its current financial position, likelihood or risk of a default, an assessment on any significant increase in credit risk, and fair value of collaterals (if any), and adjust for forward-looking information that is available without undue cost or effort, such as the current and forecasted global economy and the general economic conditions of the industry in which the borrower operates. The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying any significant increase in credit risk before the loan amount becomes past due.

CHAIRMAN'S STATEMENT

FINANCIAL RESOURCES, BORROWINGS, CAPITAL STRUCTURE, EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

As at 31 December 2023, the Group's non-current assets of HK$2,256,627,000 (2022: HK$2,199,101,000) consisted of investment properties of HK$545,920,000 (2022: HK$557,089,000), property, plant and equipment of HK$1,564,586,000 (2022: HK$1,480,940,000), right-of-use assets of HK$120,572,000 (2022: HK$130,156,000), financial assets at FVTPL of HK$2,151,000 (2022: HK$802,000) and prepayments for acquisition of property, plant and equipment of HK$23,398,000 (2022: HK$30,114,000). These non-current assets are principally financed by the Group's Shareholders' funds.

As at 31 December 2023, the total borrowings of the Group amounted to HK$760,050,000 (2022: HK$933,603,000) consisting of secured bank borrowings of HK$82,930,000 (2022: HK$134,782,000), unsecured bank borrowings of HK$355,692,000 (2022: HK$452,179,000), secured other borrowings of nil (2022: HK$33,803,000) and unsecured term loans of HK$321,428,000 (2022: HK$312,839,000). Among the total borrowings of the Group, HK$312,561,000 (2022: HK$544,816,000) was with maturity of less than one year, HK$122,587,000 (2022: HK$369,604,000) was with maturity more than one year but not exceeding two years and HK$324,902,000 (2022: HK$19,183,000) was with maturity more than two years but not exceeding five years.

As at 31 December 2023, the Group's gearing ratio, calculated on the basis of the Group's net borrowings (after pledged bank deposits, restricted bank deposits and bank balances and cash) over total equity, was approximately -8.6% (2022: 20.2%). The Group's gearing ratio would be adjusted to approximately –8.9% (2022: 19.5%) with marketable securities inclusive of investments held for trading deducted from the net borrowings.

In January 2023, the Company announced the proposal of (i) the share consolidation on the basis that every twenty (20) issued and unissued existing shares of HK$0.0005 each be consolidated into one (1) consolidated Share of HK$0.01 each and (ii) the change the board lot size for trading on the Stock Exchange from 10,000 existing shares to 5,000 consolidated shares subject to and upon the share consolidation becoming effective. As at the date of the announcement, the authorized share capital of the Company was HK$300,000,000 divided into 600,000,000,000 existing shares of par value of HK$0.0005 each, of which 14,480,072,773 existing shares had been issued and were fully paid or credited as fully paid. Upon the completion of the share consolidation, the authorized share capital of the Company would become HK$300,000,000 divided into 30,000,000,000 consolidated shares of par value of HK$0.01 each, of which 724,003,638 consolidated shares would be in issue and fully paid or credited as fully paid. The share consolidation was approved by Shareholders at the special general meeting held on 22 February 2023. As such, the share consolidation and the change in board lot size have become effective on 24 February 2023.

CHAIRMAN'S STATEMENT

In May 2023, the Company proposed to issue 362,001,819 rights shares by way of the rights issue, on the basis of one rights share for every two shares held by the qualifying Shareholders on the record date at the subscription price of HK$0.88 per rights share ("Rights Issue") to raise approximately HK$318.6 million before expenses. The Rights Issue was completed in June 2023 and the net proceeds from the Rights Issue after deducting all relevant expenses was approximately HK$309.3 million. The Company currently intends to apply the net proceeds of approximately HK$309.3 million from the Rights Issue for financing the development of the KMH Phase II as set out in the prospectus.

As at 31 December 2023, details of use of net proceeds from the Rights Issue were as follows:

Intended use	Planned use of the net proceeds *HK$'000*	Net proceeds used as at 31 December 2023 *HK$'000*	Remaining balance of the net proceeds unutilized as at 31 December 2023 *HK$'000*
KMH Phase II	309,292	—	309,292

For the year ended 31 December 2023, construction cost payable for hospital buildings (KMH Phase II) inclusive of the first installment payment of approximately HK$79.3 million for the construction agreement in relation to the disclosure transaction announcement of the Company dated 8 July 2022 was accrued but not yet due.

During the year under review, the Company did not repurchase any shares (2022: nil) in the capital of the Company.

During the year under review, the Group's assets, liabilities and transactions were mainly denominated in Hong Kong Dollar, Renminbi, Australian Dollar and United States Dollar. Because of the short-term nature, the Group did not actively hedge risks arising from its Australian Dollar and United States Dollar denominated assets and transactions. As the substantial portion of the Group's assets and operations are located in the PRC and its transactions, related working capital and borrowings are primarily denominated in Renminbi and Hong Kong Dollars, the Group will closely monitor its foreign exchange exposure in this regard and will actively consider hedging the currency exposure should the need arise.

CHARGE ON GROUP ASSETS

As at 31 December 2023, the Group's investments held for trading of HK$6,624,000 (2022: HK$12,089,000), buildings (included in property, plant and equipment) of HK$237,692,000 (2022: HK$242,520,000), investment properties of HK$315,494,000 (2022: HK$326,049,000), properties under development for sale of HK$141,147,000 (2022: HK$147,402,000), pledged bank deposits of HK$32,984,000 (2022: HK$24,319,000) and medical equipment (included in property, plant and equipment) of HK$18,220,000 (2022: HK$42,400,000) were pledged to banks, financial institution, securities brokers houses and finance lease provider to secure credit facilities granted to the Group.

CAPITAL COMMITMENT

As at 31 December 2023, the Group had capital commitment contracted for but not provided relating to the acquisition of property, plant and equipment of HK$262,346,000 (2022: HK$276,746,000).

CHAIRMAN'S STATEMENT

CONTINGENT LIABILITIES

Save as disclosed in this Annual Report, as at 31 December 2023, the Group is not aware of any material contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSAL, AND FUTURE PLANS

Save as disclosed in this Annual Report, during the year ended 31 December 2023, the Group did not hold any other significant investments nor have any material acquisitions or disposals of subsidiaries, associated companies and joint ventures.

Save as disclosed in this Annual Report, as at 31 December 2023, the Group did not have any plan for material investments or capital assets.

EMPLOYEES

The Group had 2,599 employees as at 31 December 2023 (2022: 2,577). The Group ensures that its employees are remunerated in line with market conditions and individual performance and the remuneration policies are reviewed on a regular basis.

CORPORATE DEVELOPMENT

References are made to the joint announcements of the Company dated 16 June 2023, 19 June 2023, 7 July 2023, 21 July 2023 and 5 October 2023 and the announcement of the Company dated 21 June 2023 in relation to, among others, the mandatory conditional cash offer by Yu Ming Investment Management Limited on behalf of Fareast Global Limited (the "Offeror") to acquire all the issued shares of the Company (other than those shares already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it).

Immediately after the completion of the Rights Issue, the Offeror, being a wholly-owned subsidiary of Tian An China Investments Company Limited ("TACI"), owns 358,717,000 shares of the Company (representing approximately 33.03% of the total issued shares capital of the Company). On 16 June 2023, the Offeror made a mandatory conditional cash offer to acquire all the issued shares of the Company (other than those shares already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it) at the offer price of HK$0.89 per share ("Offer"). The Offer was closed on 5 October 2023 and the Offeror had received valid acceptances for a total of 174,787,429 shares of the Company (representing approximately 16.09% of the total issued share capital of the Company). Immediately after the close of the Offer, the Offeror and parties acting in concert with it are interested in an aggregate of 609,808,510 shares of the Company (representing approximately 56.15% of the total issued shares capital of the Company) and, as such, the Company has become an indirectly non wholly-owned subsidiary of TACI.

CHAIRMAN'S STATEMENT

PROSPECTS

Healthcare Division:

NJH

(i) For Class III A integrated hospital accreditation:

2024 will be a critical year for NJH to continue its efforts and strive to become a Class III A integrated hospital in Jiangsu Province. On the basis of summarizing and analyzing existing shortcomings, the hospital will benchmark and identify divergence, search for and rectify any deficiencies and explore potential. The hospital will further take effective measures to continuously strengthen the quality of internal construction, actively promote refined hospital management, striving to enhance medical service standards and improve patient treatment experience. The hospital will make new achievements in strengthening the establishment of specialties, improving the vitality of its talent team, enhancing operational management to improve quality and efficiency, accelerating the upgrade and transformation of online hospital, leveraging the benefits of joint construction of medical consortiums, so as to establish reputation for the hospital's brand culture.

(ii) For specialties and departments development:

NJH will implement a new strategy for medical and surgical operations and strengthen medical and surgical operation management.

For the general medicine division system, NJH will take the revision of departmental secondary allocation plan as an opportunity to improve the subjective initiative of doctors at all levels, promote the introduction of case managers for chronic diseases in departments to increase the loyalty of chronic disease patients and increase the number of in-patients. As such, the operation and management capabilities of department directors shall be improved.

For the operation strategy of surgical departments, through diverting rare diseases by experts from leading hospitals in Nanjing, NJH will be able to meet the requirements of the accreditation of a Class III A integrated hospital. As a flexible private hospital, NJH's clinical departments could obtain supporting services from experts of other leading hospitals, as such the surgical skills of its surgeons can be enhanced. By establishing the "Joint Out-Patient Clinics + Joint Surgeries + Joint Wards", experts from other leading hospitals in Nanjing may be invited to NJH to provide patients with the high-quality medical treatments based on the principle of "Patients Not Run, Experts Run (患者不跑，專家跑)". NJH will seek for opportunities to introduce leaders of various specialties from other leading hospitals in Nanjing.

(iii) For scientific and educational research:

NJH will take full coverage of specialties technologies as its short-term goal. Meanwhile, NJH will constantly enhance other added values of technologies in the process of academic and technological development to derived benefits through technologies; accelerating the development of GCP (Good Clinical Practice) programs to promote the improvement of clinical research standards and strengthening research capacity training. NJH will serve as a platform to showcase the capabilities of its young talents, with a view to advancing the research quality and standards of young talents of the hospital. It will promote the development of clinical teaching by strengthening the cooperation with Medical School of Southeast University (東南大學醫學院), Clinical School of Medicine of Anhui Medical University (安徽醫科大學臨床醫學院), Fenyang College of Shanxi Medical University (山西醫科大學汾陽學院). NJH will strengthen the construction of clinical teaching bases, actively connect with teaching hospitals and affiliated hospitals, and continuously improve the construction of teaching bases and skills centers.

CHAIRMAN'S STATEMENT

KMH

(i) For Class III A integrated hospital accreditation:

In 2024, the main goal of KMH is to meet the standard of Class III A integrated hospitals, with an emphasis on medical quality, safety and content development as well as refined operation and management, in order to continuously improve its medical technology and services while ensuring the stable development of its existing businesses. The focus will be the specialist technology of its existing departments, while also providing full support for departments to develop new businesses and technology and create more medical service highlights.

(ii) For specialties and departments development:

KMH will implement a new batch of key departments. Pathology, supporting the rapid development of the surgical system and addressing the problem of timeliness in pathological examination, the hospital arranged an area of no less than 300 m^2 and 5 staff to facilitate the establishment of pathology department. Oncology center, based on the construction progress of the radiotherapy room, it will begin preparation and promotion for the establishment of nuclear medicine, tumor radiotherapy and other departments and recruit radiotherapist, physiotherapist, nuclear medicine technologist and other members of the clinical team. Rehabilitation medicine, KMH will improve and specialize its existing rehabilitation medicine department, and, at the same time, gradually launch its rehabilitation sub-departments of neurological rehabilitation, orthopedic rehabilitation, geriatric rehabilitation, pain rehabilitation, severe disease rehabilitation and Chinese medical rehabilitation and strengthen its service offering system in terms of rehabilitation evaluation, rehabilitation treatment and rehabilitation follow-up visits.

The hospital will expand the source of revenue growth of its existing departments. It will consolidate the development of its five centers, namely Trauma Center, Chest Pain Center, Stroke Center, High-risk Pregnant and Lying-in Women Treatment Center, and High-risk Children and Neonate Treatment Center and continuously improve its ancillary facilities. Driven by the development of its five centers, it will further improve its trauma center, chest pain center and stroke center, enhance its treatment for emergent, critical and severe diseases, lower the fatality rate of patients of emergent, critical and severe diseases, and lay the groundwork for the construction of critical and severe treatment center for pregnant woman, children and infant. It will also showcase these key department's specialty and technological capabilities, helping to drive the construction and development of other departments of the hospital, facilitating the high quality development of talents, technology and management of the hospital and allowing KMH to provide timely and efficient medical services to the public in the surrounding area. On top of its existing trauma center, with the increased intake and treatment of ICU (Intensive Care Unit) patients of accident & emergency department, "120" networks, orthopedics and neurosurgery, KMH could further optimize the operation mechanics and procedures of its trauma center and improve the treatment for patients with severe trauma and the quality and timeliness of such treatment.

Furthermore, it will optimize the content of its retail medical and high-end medical services. KMH will speed up the construction of the marketing and operation system of stomatology, health management center for children, health management center for women, aesthetic medicine and other retail medical projects. With the three drivers, namely the medical team, nursing team and market operation team, all teams could work simultaneously with clearly defined responsibility, so as to achieve unified and efficient operation.

CHAIRMAN'S STATEMENT

(iii) For development of KMH Phase II:

The construction will reach multiple important milestones in 2024. In January 2024, the main building of the oncology and nuclear medicine department has been topped up while the construction of the comprehensive ward and rehabilitation ward will be completed up to ground level (±0.00). In June 2024, equipment installation and testing will be carried out for the building of the oncology and nuclear medical department. In December 2024, the comprehensive ward and rehabilitation ward will be topped up while the interior furnishing of the building of the oncology and nuclear medicine department will be completed.

NCCPC

In 2024, NCCPC will begin its second year of operation. While the economic environment is still tough, the management holds the believe that the health consumption trend has been integrating into the life of every citizen cherishing a better life. With the gradual refinement of our business layout for "General Out-Patient + Retail Specialty Services", the expansion of NCCPC's professional capability from medical to the healthcare field has been further consolidated. In 2024, the out-patient department will optimize its products and establish its service system by closely referencing to the market demand, driving business development with operation and working on its marketing and market development.

(i) General practice:

NCCPC has established a specialty out-patient service for children's growth targeting the teenager and children market with anxiety for body height and lack of support from medical institutions. It will provide customized medical and healthcare level comprehensive solutions of long-term health intervention, tracking and management for its customers. This will create entrance for traffic inflow, accumulating mid-to-high-end customer base, and facilitating the product conversion of other specialties. By connecting with commercial insurances, it can provide more professional services for foreign customers. Through special projects, hospitality, full interpreter coverage, medical insurance payment and other well-designed procedures, it provides comprehensive and high-quality service experience for foreign patients.

(ii) Specialties:

Ophthalmology — NCCPC will establish multiple hospital alliances and medical guide routes and actively recruits well-known ophthalmologist in Nanjing and establishes specialist workshops. In the ophthalmology market, it will aggressively explore public resources and participates in public welfare projects in Jianye District;

Otolaryngology — Special services are developed based on the four main treatments, which include standardized treatment for allergic rhinitis, inspection and treatment of OSAS (Obstructive Sleep Apnea Syndrome), voice rehabilitation and therapy and tinnitus therapy and treatment;

Stomatology — NCCPC will establish characteristics specialist workshop and an IP (Influential Property) with famous doctors. With children as the entry point, it provides family stomatological medical services; a high-end dental care team is formed, providing comfortable teeth cleaning and private teeth management services for high net-worth customers and maintaining and developing such customers; consultation teams implement dynamic triage system. Based on their capabilities and strengths, categorized and customized treatments can be performed for each big project. Bottom-out system is also implemented to further enhance its comprehensive capability; and

CHAIRMAN'S STATEMENT

Aesthetic medicine — The main focus is on developing the customer base of the aesthetic medicine center by attracting new customers through existing customers; membership benefits and rights are further improved to build its core customer base.

Eldercare Division:

In 2024, the Division will focus on strengthening its marketing effort. Through partnership with various parties, it will fully establish sales channels to raise the occupancy rate of its nursing hospital, elderly homes and elderly apartments.

Specifically, the Division plans to establish referral and cooperation relationships with nearby hospitals (general hospital, rehabilitation hospital, mental health center, social healthcare service center, etc.), elderly homes, nursing outsourcing institutions, elderly insurance institutions and residential district offices, in order to actively introduce patients. It will launch voluntary medical consultant activities for nearby and target communities to raise the awareness for the project and the nursing and elderly homes. Online marketing effort will be further strengthened, especially in terms of the operation of corporate self-media.

For the operation of SDH, the Division plans to gradually implement the relevant policies to lower the ratio of services at patients' expenses and reasonably increasing the revenue from medical insurances. It will adjust the management and usage of its staff to improve service quality. Retired influential figures from public hospital organizations will be introduced to achieve effective referral of patients.

Others:

Against the backdrop of low economic growth and general consumption downgrade, the medical services providers face a series of industry-wide development problems and challenges. The Group believes that it must consolidate its existing comprehensive medical businesses and traditionally strong specialties like otolaryngology, ophthalmology, cardiology and gynecology, while at the same time, continue to diversify in the healthcare field, expand its business fields and coverages, enrich its service models and establish its competitive advantages.

Furthermore, facing the payment settlement pressure from the stringent national medical policies such as collective procurement and DRGs (Related Diagnosis Groups), the management will continue to urge its hospitals to adjust their revenue structure by moving medical treatments to its out-patient departments and expanding the scale of out-patient operations and businesses like hysteroscopy and painless gastrointestinal endoscopy which would positively raising the cash flow and profitability. Although anti-corruption efforts in the healthcare industry in PRC these years have been a major concern for the public and the industry, the Group will make use of this opportunity to contact and attract high-end talents in the industry to build up our clinical teams. With the academic and clinical leadership of our specialists, the Group could develop large scale or major clinical specialties within our general surgery and medicine system.

The Group considers it could break away from its strict medical business framework to expand and explore the healthcare field in parallel with its existing businesses laying down the foundation for the future sustainable development of hospitals. Specifically with health and aesthetic as the major directions, specialty services coverage will be further expanded for pre and post treatment. In the front end, the Group will develop preventive healthcare, functional medicine and precise body checks; while at the back end, the Group will develop rehabilitation medicine, aesthetic medicine and other businesses, as well as different levels of healthcare products for various target customers. Moreover, Group will establish an international department in the hospitals to launch our high-end healthcare services in cooperation with NCCPC. With the medical support of its general practice, the Group will develop its commercial insurance business to facilitate the high-end customer membership operation and healthcare consumption and establish a service system with high quality and premium, which will be an effective supplement for basic healthcare services.

CHAIRMAN'S STATEMENT

The Company will steadily continue the development of KMH Phase II and establish the oncology and nuclear medicine department in preparation for subsequent developments of the Group. The oncology and nuclear medicine center will be an important strategic project of the Company. By combining our chemotherapy, surgical operation, radiotherapy, intrusive treatment, immunotherapy and other clinical technologies, the Group could create a closed management loop for the whole treatment procedure for tumor diseases. With a focus on cultivating compound specialties, this will drive the comprehensive improvement of the basic infrastructure, medical technology and scientific and academic standards of our hospitals.

As the economic outlook for PRC market remains soft while global uncertainties persisting, most of the challenges in the market place remain changed. The Group will remain cautious and focus on enhancing operational efficiency, cost control, and strengthening its medical and technical teams and supply chain to bolster its competitive position. It will continue to review and adjust its business and investment strategies, and investment portfolio to suit the prevailing challenging economic and investment environment and will seek investment and business opportunities in the PRC, Hong Kong and the Asia Pacific region to enhance value for its shareholders.

APPRECIATION

On behalf of the Board, I would like to extend my whole-hearted thanks to our Shareholders for their continued support and to our staff for their contribution to the Group during the year.

Lee Seng Hui
Chairman

Hong Kong, 15 March 2024

BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Kong Muk Yin ("Mr. Kong"), aged 58, was appointed as an executive director of the Company on 27 October 2022 and the company secretary of the Company on 21 November 2023, and also was an executive director of the Company from 13 May 2002 to 13 May 2021. Mr. Kong was a non-executive director and the company secretary of Pan Asia Data Holdings Inc. (formerly known as Manfield Chemical Holdings Limited, a company listed on the main board of The Stock Exchange of Hong Kong (the "Stock Exchange"), stock code: 1561) from 12 June 2014 to 10 January 2020 and from 12 June 2014 to 31 December 2018 respectively. From 4 July 2007 to 24 June 2014, he was also an executive director and a non-executive director of Alibaba Pictures Group Limited (formerly known as ChinaVision Media Group Limited, a company listed on the main board of the Stock Exchange, stock code: 1060). He was an executive director of Shin Hwa World Limited (formerly known as Landing International Development Limited, a company listed on the main board of the Stock Exchange, stock code: 582) from 13 October 2009 to 21 January 2010 and an executive director of APAC Resources Limited ("APAC", a company listed on the main board of the Stock Exchange, stock code: 1104) from 4 November 2009 to 1 March 2016. From September 2010 to September 2015, he was also a director of Mabuhay Holdings Corporation (a company listed on The Philippine Stock Exchange, Inc. (the "Philippine Stock Exchange"), stock code: MHC) and Philippine Infradev Holdings, Inc. (formerly known as IRC Properties, Inc., a company listed on the Philippine Stock Exchange, stock code: INFRA).

Mr. Kong graduated from the City University of Hong Kong with a Bachelor's Degree in Business Studies. He is a fellow member of The Association of Chartered Certified Accountants ("ACCA"), a member of the Hong Kong Institute of Certified Public Accountants ("HKICPA") and a Chartered Financial Analyst and he has extensive experience in corporate finance, financial management, accounting and auditing.

Mr. Guo Meibao ("Mr. Guo"), aged 50, was appointed as an executive director of the Company on 22 September 2018. Mr. Guo graduated with a major in Financial Accounting in 1995 and obtained an Executive Master of Business Administration from Fudan University, a Master of Business Administration from the Open University of Macau and a Certified Public Accountant in the People's Republic of China (the "PRC"). He has more than 20 years of financial, operational and investment management experience in the PRC's medical, property and other industries. Mr. Guo was the chairman of 深圳市大馬化投資有限公司 from March 2017 to September 2018. He was a financial controller and the chief executive officer and chairman of 同仁醫療產業集團有限公司 (Tongren Healthcare Industry Group Co., Ltd., a wholly-owned subsidiary of the Company) from October 2010 to October 2013 and from October 2013 to March 2017 respectively. He was a financial controller and the general manager and chairman of 連雲港嘉泰建設工程有限公司 (Lianyungang Jiatai Construction Co., Ltd., a wholly-owned subsidiary of the Company) from June 2006 to October 2010 and from January 2014 to March 2017 respectively. He was also a financial controller of 長安高爾夫球鄉村俱樂部 (Long Island Golf & Country Club) from December 1998 to June 2006.

BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS

Mr. Zhou Haiying ("Mr. Zhou"), aged 53, was appointed as an executive director of the Company on 6 December 2018. Mr. Zhou graduated from Jiangxi University of Finance and Economics with a Bachelor's Degree. He acts as the chief operating officer of Tsinghua Tongfang Co., Ltd. ("THTF", a company listed on the Shanghai Stock Exchange, stock code: 600100) since April 2020. From 9 January 2020 to 16 October 2023, Mr. Zhou was a non-executive director of Neo-Neon Holdings Limited (a company listed on the main board of the Stock Exchange, stock code: 1868). From January 2018 to February 2020, he acted as a financial controller and the chief financial officer of THTF. From June 2003 to January 2018, he has served successively as a senior manager, the deputy director of the finance department, head of asset management department, the general manager of the capital finance department and an assistant to the president of Tsinghua Holdings Co., Ltd.. In addition, he also worked as a director of Liaoning Road & Bridge Construction Corporation (遼寧省路橋建設集團有限公司), a director of Beijing Huahuan Electronics Co., Ltd. (北京華環電子股份有限公司) and the supervisor of Unisplendour Corporation Limited (紫光股份有限公司).

NON-EXECUTIVE DIRECTORS

Mr. Lee Seng Hui ("Mr. Lee"), aged 55, was appointed the Chairman and a Non-Executive Director of the Company on 10 October 2023. Mr. Lee graduated from the Law School of the University of Sydney with Honours. Previously, he worked with Baker & McKenzie and N M Rothschild & Sons (Hong Kong) Limited. Mr. Lee is the chief executive and an executive director of Allied Group Limited ("AGL", a company listed on the main board of the Stock Exchange, Stock Code: 373), the ultimate holding company of the Company, Mr. Lee is also the chairman and a non-executive director of Tian An China Investments Company Limited ("TACI", a company listed on the main board of the Stock Exchange, Stock Code: 28), the holding company of the Company, and a non-executive director of APAC. He is the non-executive chairman of Mount Gibson Iron Limited (a company listed on the Australian Securities Exchange).

Mr. Mark Wong Tai Chun ("Mr. Wong"), aged 59, was appointed as a Non-Executive Director of the Company on 10 October 2023. He has a Master's Degree in Business Administration and is a fellow of HKICPA, ACCA, The Chartered Governance Institute ("CGI") and The Hong Kong Chartered Governance Institute ("HKCGI"). Mr. Wong is the director of investment of AGL. He is also an alternate director to Mr. Arthur George Dew ("Mr. Dew") in APAC, Tanami Gold NL ("Tanami Gold") and Dragon Mining Limited (a company listed on the main board of the Stock Exchange, Stock Code: 1712), and ceased to be an alternate director to Mr. Dew in Tian An Australia Limited ("Tian An Australia") with effect from the close of its annual general meeting on 19 May 2023. Tanami Gold and Tian An Australia are companies listed on the Australian Securities Exchange. He is also a director of SHK Hong Kong Industries Limited (previously listed on the Stock Exchange until 22 April 2021).

Mr. Gao Zhaoyuan ("Mr. Gao"), aged 40, was appointed as a non-executive director of the Company on 27 October 2022. Mr. Gao graduated from the Shanghai University of Finance and Economics with a Bachelor's Degree in Economics in 2005 and graduated from the Shanghai Jiao Tong University Shanghai Advanced Institute of Finance with a Master's Degree in Business Administration in 2010. Mr. Gao joined CMIG Assets Management Corporation (Beijing) Co. Ltd. (北京中民資產管理有限公司, a wholly-owned subsidiary of China Minsheng Investment Group Co., Ltd., 中國民生投資股份有限公司) since April 2017. He serves as general manager of strategic investment department of CMIG Asset Management Co., Ltd. (中民投資產管理有限公司). He also serves as a non-executive director of Link Holdings Limited (a company listed on GEM, stock code: 8237) since 1 March 2024.

Mr. Gao served as a vice president of the Institute Business Group II of DBS Bank (China) Co., Ltd. from October 2015 to April 2017. He also worked as the department head of corporate banking department of Shanghai Branch of The Bank of East Asia (China) Co., Ltd. from June 2010 to October 2015, the last position was senior trade finance manager of Ningbo Branch of HSBC Bank (China) Co., Ltd. from July 2007 to June 2010 and the relationship manager of credit department of Shanghai Xuhui Sub-branch of Bank of Communications from September 2005 to July 2007.

BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhang Jian ("Mr. Zhang"), aged 82, was appointed as an independent non-executive director of the Company on 16 October 2006. Mr. Zhang is a professional senior engineer in the People's Republic of China. He was the chairman of Xian University of Architecture & Technology Peking Alumni Association until January 2022. He has been awarded National Outstanding Intellect in 1997 and National Top 10 Honest Persons of Outstanding Ability in 2004. Mr. Zhang has been awarded as Influential Person to China Nonferrous Metal Industry in 2005. From 1982 to 1998, he held various senior positions in China Nonferrous Metal Industry Company. From 1998 to 2003, he acted as the chairman and the general manager of China Nonferrous Metal Construction Group Company Ltd.. From 2003 to 2005, he acted as the general manager of China Nonferrous Metal Mining (Group) Co., Ltd.. From July 2016 to July 2020, he was an independent non-executive director of Go Higher Environment Co., Ltd..

Dr. Xia Xiaoning ("Dr. Xia"), aged 64, was appointed as an independent non-executive director of the Company on 8 December 2016. Dr. Xia is an independent supervisor of Central China Securities Co., Ltd. (a company listed on the main board of the Stock Exchange, stock code: 1375). He was a non-executive director of Mason Group Holdings Limited (a company listed on the main board of the Stock Exchange, stock code: 273) from August 2015 to September 2016. Dr. Xia graduated from the electric engineering department of Harbin Institute of Technology in 1982 with a Bachelor's Degree in Electric Engineering. He earned a Doctorate Degree from University Paris Dauphine in 1989.

Dr. Xia has over 23 years private equity/investment experience in Asia. Dr. Xia was a senior consultant/ responsible officer (Type 4 and Type 9 licences of the Securities and Futures Commission of Hong Kong) to Vision Finance Group Limited from October 2012 to February 2015. From 2008 to 2012, he was the chief executive officer of CITP Advisors (Hong Kong) Limited. Dr. Xia worked for AIF Capital Limited ("AIF"), a pan Asia private equity firm based in Hong Kong from 1995 to 2008 and his last position with AIF was senior partner/managing director. Dr. Xia also worked for Asian Development Bank in Manila from 1989 to 1995 with his last position as investment officer.

BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS

Dr. Wong Wing Kuen, Albert ("Dr. Wong"), aged 72, was appointed as an independent non-executive director of the Company on 6 December 2018. Dr. Wong holds a Doctor of Philosophy in Business Administration Degree from the Bulacan State University, Republic of the Philippines. He is a fellow member of CGI, HKCGI, The Taxation Institute of Hong Kong, Association of International Accountants and Society of Registered Financial Planners and also a member of Hong Kong Securities and Investment Institute, The Chartered Institute of Arbitrators and The Chartered Institute of Bankers in Scotland and a full member of Macau Society of Certified Practising Accountants. Dr. Wong is currently the principal consultant of KND Associates CPA Limited. He is also an independent non-executive director of each of APAC, Solargiga Energy Holdings Limited (a company listed on the main board of the Stock Exchange, stock code: 757), China Merchants Land Limited (a company listed on the main board of the Stock Exchange, stock code: 978), China Wan Tong Yuan (Holdings) Limited (a company listed on the main board of the Stock Exchange, stock code: 6966) (previously listed on GEM, stock code: 8199), Dexin China Holdings Company Limited (a company listed on the main board of the Stock Exchange, stock code: 2019) and Dexin Services Group Limited (a company list on the main board of the Stock Exchange, stock code: 2215). Dr. Wong was an independent non-executive director of Capital Finance Holdings Limited (a company listed on GEM, stock code: 8239) between January 2018 to December 2021. He was also an independent non-executive director of China VAST Industrial Urban Development Company Limited (a company previously listed on the main board of the Stock Exchange until 6 December 2022, stock code: 6166) between August 2014 to December 2022.

Ms. Yang Lai Sum, Lisa ("Ms. Yang"), aged 57, was appointed as an independent non-executive director of the Company on 6 December 2018. She graduated from the University of Sydney with a Bachelor's Degree in Law and Economics and is also qualified as a solicitor in Australia and England. She is a practicing solicitor in Hong Kong and currently a consultant of ONC Lawyers. Ms. Yang is also an independent non-executive director of each of AGL, TACI and Asiasec Properties Limited (a company listed on the main board of the Stock Exchange, stock code: 271), the fellow subsidiary of the Company.

BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS

OTHER INFORMATION

Shanghai Stock Exchange Decision

References are made to the announcement of the Company dated 11 May 2020 and the annual report for the year ended 31 December 2021 in relation to Mr. Zhou Haiying that he received a decision ("Decision") on disciplinary measure (紀律處分決定書2020 35號) issued by the Shanghai Stock Exchange. The Decision has come to an end and was not made against the Company or any of its subsidiaries.

Hong Kong Market Misconduct Tribunal Proceedings

Reference is made to the announcement of the Company dated 13 May 2021 (the "Announcement") in relation to the proceedings instituted by the Securities and Futures Commission of Hong Kong ("SFC") in the Market Misconduct Tribunal of Hong Kong (the "MMT"). Based on the facts, liability and sanctions agreed between the SFC and the parties, the MMT made the order as summarised in the Announcement (the "MMT Order").

Pursuant to the MMT Order, the Company, Mr. Kong Muk Yin ("Mr. Kong"), Mr. Zhang Jian and the four former directors of the Company have fully complied with the sanctions under the MMT Order and the respective directors have completed the training provided by The Hong Kong Institute of Directors following the MMT Order.

Further, in relation to the MMT Order, the Council of HKICPA and the Consent Orders Chair of ACCA concluded that Mr. Kong be reprimanded, and pay costs to the institutes on 23 March 2022 and 14 July 2022 respectively.

Further details of the above are disclosed in the Company's announcements dated 19 May 2020, 13 May 2021 and 26 October 2022 and the annual report for the year ended 31 December 2021.

DIRECTORS' REPORT

The directors of the Company (the "Director(s)") present the annual report and the audited consolidated financial statements of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2023 (the "Year").

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are set out in Note 45 to the consolidated financial statements. Details and respective analysis of the main business segments of the Group during the Year are set out in Note 7 to the consolidated financial statements.

BUSINESS REVIEW

Further discussion and review on the business activities of the Group as required by Schedule 5 to the Companies Ordinance (Cap. 622) of Hong Kong, including a description of the principal risks and uncertainties facing the Group, material events that have occurred since the year-end date and an indication of likely future development in the Group's business are contained in the Chairman's Statement set out on pages 3 to 20 of this Annual Report. Those relevant contents form part of this Directors' Report. Details of the Group's financial risk management are disclosed in Note 42 to the consolidated financial statements.

Discussions on the Group's compliance with the relevant laws and regulations that have a significant impact on the Group are set out in the section headed "Corporate Governance Report" of this Annual Report on pages 35 to 49 and Environmental, Social and Governance Report of the Company (the "ESG Report") separately released on the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the websites of the Company. Except disclosed in the Corporate Governance Report, the Directors were not aware of any non-compliance with the relevant laws and regulations that have a significant impact on the Group during the Year.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group is highly committed to comply with applicable laws and regulations that govern its businesses from time to time. Being a company listed in Hong Kong, the Company has to comply with the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange. The Group's money lending business segment is governed by the Money Lenders Ordinance and Anti-Money Laundering and Counter-Terrorist Financing Ordinance of Hong Kong.

ENVIRONMENTAL POLICIES AND PERFORMANCE

For information about the environmental policies and performance of the Group during the year, please refer to the ESG Report separately released on the website of the Stock Exchange and the websites of the Company, the discussions of which form part of this Annual Report.

To access the online version of the ESG Report, please refer to the website addresses set out in the section headed "Corporate Information" on page 2 of this Annual Report.

RESULTS AND DIVIDENDS

The results of the Group for the Year are set out in the consolidated statement of profit or loss on page 55.

The Directors recommended the payment of a final dividend of HK1 cent per share in cash for the Year (2022: nil) with the total amount of dividend amounting to approximately HK$10,860,055, subject to approval by the shareholders of the Company (the "Shareholders") at the 2024 annual general meeting of the Company (the "AGM"), payable on Friday, 2 August 2024 to those Shareholders whose names appear on the register of members at the close of business on Tuesday, 4 June 2024.

DIRECTORS' REPORT

INVESTMENT PROPERTIES

The Group revalued all of its investment properties as at the year end date. The loss on fair value of investment properties amounted to HK$3,524,000 and has been recognised in the consolidated statement of profit or loss.

Details of these and other movements in the investment properties of the Group during the year are set out in Note 16 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment totalling approximately HK$201,908,000 and certain properties held for sale with a carrying amount of HK$3,914,000 were transferred to property, plant and equipment upon the change in use.

Details of these and other movements in property, plant and equipment of the Group during the year are set out in Note 17 to the consolidated financial statements.

PROPERTIES

Particulars of major properties of the Group as at 31 December 2023 are set out on pages 146 to 147.

SHARE CAPITAL AND SHARES ISSUED

Details of movements in the share capital of the Company during the Year are set out in Note 34 to the consolidated financial statements.

BORROWINGS

Bank borrowings and other borrowings which are repayable within one year or on demand are classified as current liabilities. Repayment analysis of interest-bearing and interest-free borrowings are set out in Note 32 to the consolidated financial statements respectively.

DIRECTORS

The Directors during the Year and up to the date of this report are:

Executive Directors:

Ms. Chong Sok Un *(Deputy Chairman) (resigned on 5 October 2023)*
Mr. Kong Muk Yin
Mr. Guo Meibao
Mr. Zhou Haiying

Non-Executive Directors:

Mr. Lee Seng Hui *(Chairman) (appointed on 10 October 2023)*
Mr. Mark Wong Tai Chun *(appointed on 10 October 2023)*
Mr. Lai Hin Wing Henry Stephen *(resigned on 10 October 2023)*
Mr. Gao Zhaoyuan

Independent Non-Executive Directors:

Mr. Zhang Jian
Dr. Xia Xiaoning
Dr. Wong Wing Kuen, Albert
Ms. Yang Lai Sum, Lisa

DIRECTORS' REPORT

In accordance with Clause 99 of the bye-laws of the Company (the "Bye-Laws"), Mr. Guo Meibao, Mr. Zhou Haiying and Ms. Yang Lai Sum, Lisa shall retire from their office by rotation and being eligible, offer themselves for re-election at the AGM. Pursuant to Clause 102 of the Bye-Laws, Mr. Lee Seng Hui and Mr. Mark Wong Tai Chun shall retire and being eligible, offer themselves for re-election at the AGM (the "Retiring Directors").

Details of the Retiring Directors proposed for re-election at the AGM, required to be disclosed under Rule 13.51(2) of the Listing Rules on the Stock Exchange are set out in the Company's circular dated 17 April 2024.

BIOGRAPHICAL DETAILS OF DIRECTORS

The biographical particulars of the current Directors are set out in the section headed "Biographical Details in Respect of Directors" on pages 21 to 25 of this Annual Report. Directors' other particulars are contained elsewhere in this report and this Annual Report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

TERMS OF OFFICE FOR THE NON-EXECUTIVE DIRECTORS

All the non-executive directors of the Company ("NEDs" including the independent non-executive directors of the Company ("INEDs")) were appointed for a specific term of two years. All appointments of NEDs (including INEDs) are subject to the relevant provisions of the Bye-Laws or any other applicable laws whereby the Directors shall vacate or retire from their office but are eligible for re-election.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in Note 40 to the consolidated financial statements, no transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which the Directors or an entity connected with the Directors had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the year.

CONTRACTS OF SIGNIFICANCE

Save as disclosed in Note 40 to the consolidated financial statements, there were (i) no other contract of significance between the Company, or one of its subsidiaries, and a controlling shareholder or any of its subsidiaries; and (ii) no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in existence during the Year.

DIRECTORS' REPORT

DIRECTOR'S INTERESTS

As at 31 December 2023, the interests of a Director and his/her associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")), as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 (restructured Appendix C3 since 31 December 2023) of the Listing Rules on the Stock Exchange were as follows:

Name of Director	Name of companies	Number of shares and underlying shares interested	Approximate % of the total number of issued shares	Nature of interests
Lee Seng Hui ("Mr. Lee")	the Company *(Note 2)*	556,022,010 *(Note 1)*	51.19%	Other interests
	Allied Group Limited ("AGL") *(Note 3)*	2,635,105,180 *(Note 1)*	74.99%	Personal interests (held as beneficial owner) in 458,420 shares and other interests in 2,634,646,760 shares
	Tian An China Investments Company Limited ("TACI") *(Note 4)*	834,809,096 *(Note 1)*	56.94%	Other interests
	Asiasec Properties Limited ("ASL") *(Note 5)*	930,376,898 *(Note 1)*	74.98%	Other interests
	Sun Hung Kai & Co. Limited ("SHK") *(Note 6)*	1,444,479,575 *(Note 1)*	73.50%	Other interests

Notes:

1. Mr. Lee together with Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust. The Lee and Lee Trust controlled approximately 74.99% of the total number of issued shares of AGL (inclusive of Mr. Lee's personal interests) and was therefore deemed to have interests in the shares in which AGL was interested.
2. Mr. Lee, by virtue of his interests in AGL, was deemed to be interested in the shares of the Company in which AGL was interested via TACI.
3. As at 31 December 2023, AGL was the holding company of TACI and the ultimate holding company of the Company and therefore an associated corporation of the Company within the meaning of Part XV of the SFO.
4. As at 31 December 2023, TACI was the holding company of the Company and therefore an associated corporation of the Company within the meaning of Part XV of the SFO.
5. As at 31 December 2023, ASL was a non wholly-owned subsidiary of TACI, and therefore an associated corporation of the Company within the meaning of Part XV of the SFO.
6. As at 31 December 2023, SHK was a non wholly-owned subsidiary of AGL and therefore an associated corporation of the Company within the meaning of Part XV of the SFO.
7. All interests stated above represent long positions.

DIRECTORS' REPORT

Save as disclosed above, as at 31 December 2023, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 (restructured Appendix C3 since 31 December 2023) of the Listing Rules.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year and up to the date of this report, the following Directors (not being the INEDs) are considered to have interests in the businesses listed below which compete or are likely to compete with the businesses of the Group pursuant to the Listing Rules as set out below:

1. Mr. Lee is a director of a non-wholly owned subsidiary of SHK which is engaged in the business of money lending;

2. Mr. Lee is a director and Mr. Mark Wong Tai Chun is an alternate director to Mr. Arthur George Dew of APAC Resources Limited ("APAC") which, through its subsidiary, is partly engaged in the business of money lending;

3. Mr. Lee is a director of TACI which, through certain of its subsidiaries, is partly engaged in the businesses of money lending, property development and investment;

4. Mr. Lee is a director of AGL which, through certain of its subsidiaries, is partly engaged in the businesses of money lending, property development and investment, eldercare and securities trading and investments; and

5. Mr. Lee is one of the trustees of Lee and Lee Trust which is a deemed substantial shareholder of each of AGL, SHK, APAC, TACI, ASL and Tian An Australia Limited ("TIA"). AGL, through certain of its subsidiaries, is partly engaged in the businesses of money lending, property development and investment, eldercare and securities trading and investments. SHK, through certain of its subsidiaries, is partly engaged in the businesses of money lending, property investment and securities trading and investments. APAC, through its subsidiaries, is partly engaged in the business of money lending. TACI, through certain of its subsidiaries, is partly engaged in the businesses of money lending, property development and investment. ASL, through certain of its subsidiaries, is partly engaged in the businesses of money lending and property investment. TIA, through certain of its subsidiaries, is partly engaged in the business of property development.

Although the above-mentioned Directors have competing interests in other companies by virtue of their respective common directorship or shareholding, they will fulfil their fiduciary duties in order to ensure that they will act in the best interests of the Shareholders and the Company as a whole at all times. Hence, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of such companies.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Year was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares, underlying shares or debentures of the Company or any other body corporate.

DEBENTURES

The Group has not issued any debentures during the year.

DIRECTORS' REPORT

EQUITY-LINKED AGREEMENTS

Apart from the "Share Option Scheme" set out in Note 41 to the consolidated financial statements, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Year or subsisted at the end of the Year.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

To the best of Directors' knowledge, as at 31 December 2023, the following Shareholders had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO:

Long positions in the shares of the Company

Name of Shareholders	Capacity		Number of ordinary shares held	Approximate percentage of shareholding
Mr. Lee Seng Hui	Held by controlled corporation	*(Note 1)*	556,022,010	51.19%
Ms. Lee Su Hwei	Held by controlled corporation	*(Note 1)*	556,022,010	51.19%
Mr. Lee Seng Huang	Held by controlled corporation	*(Note 1)*	556,022,010	51.19%
Allied Group Limited ("AGL")	Held by controlled corporation	*(Note 1)*	556,022,010	51.19%
Tian An China Investments Company Limited ("TACI")	Held by controlled corporation	*(Note 1)*	556,022,010	51.19%
Tsinghua Tongfang Co., Ltd. ("THTF")	Held by controlled corporation	*(Note 2)*	200,000,000	18.42%
Resuccess Investments Limited ("Resuccess")	Held by controlled corporation	*(Note 2)*	200,000,000	18.42%
Cool Clouds Limited ("Cool Clouds")	Beneficial owner	*(Note 2)*	200,000,000	18.42%
China Minsheng Investment Group Corp., Ltd. 中國民生投資股份有限公司 ("CMI")	Held by controlled corporation	*(Note 3)*	100,000,000	9.21%
CMIG Asia Asset Management Co., Ltd. 中民投亞洲資產管理有限公司 ("CMIG")	Held by controlled corporation	*(Note 3)*	100,000,000	9.21%
CMI Financial Holding Corporation ("CMIF")	Held by controlled corporation	*(Note 3)*	100,000,000	9.21%
CMIG International Capital Limited 中民投國際資本有限公司 ("中民投國際資本")	Held by controlled corporation	*(Note 3)*	100,000,000	9.21%
CM International Capital Limited ("CMIC")	Held by controlled corporation	*(Note 3)*	100,000,000	9.21%
Victor Beauty Investments Limited ("Victor Beauty")	Beneficial owner	*(Note 3)*	100,000,000	9.21%

DIRECTORS' REPORT

Name of Shareholders	Capacity		Number of ordinary shares held	Approximate percentage of shareholding
Ms. Chong Sok Un ("Ms. Chong")	Held by controlled corporation	*(Note 4)*	97,514,540	8.98%
China Spirit Limited ("China Spirit")	Held by controlled corporation	*(Note 4)*	97,514,540	8.98%
Vigor Online Offshore Limited ("Vigor")	Beneficial owner	*(Note 4)*	97,514,540	8.98%

Notes:

The percentage of shareholding is calculated on the basis of the Company's issued share capital of 1,086,005,457 shares as at 31 December 2023.

1. Fareast Global Limited, a wholly-owned subsidiary of TACI, owned 556,022,010 ordinary shares of the Company and TACI was owned as to approximately 56.94% by China Elite Holdings Limited which was in turn wholly-owned by AGL via its subsidiaries.

   Mr. Lee Seng Hui together with Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust. The Lee and Lee Trust controlled approximately 74.99% of the total number of issued shares of AGL (inclusive of Mr. Lee Seng Hui's personal interests) and was therefore deemed to have an interest in the shares in which AGL was interested.

2. Cool Clouds, a wholly-owned subsidiary of Resuccess, owned 200,000,000 ordinary shares of the Company. THTF was the sole shareholder of Resuccess as at 31 December 2023. Accordingly, Resuccess and THTF were deemed to have interests in 200,000,000 ordinary shares of the Company in which Cool Clouds was interested.

3. Victor Beauty, a wholly-owned subsidiary of CMIC, owned 100,000,000 ordinary shares of the Company. CMIC was a wholly-owned subsidiary of 中民投國際資本 which in turn was a wholly-owned subsidiary of CMI held directly as to 22.6% interests and indirectly as to 77.4% interests through CMIF and CMIG. CMIF was a wholly-owned subsidiary of CMIG, which in turn was a wholly-owned subsidiary of CMI. Accordingly, CMIC, 中民投國際資本, CMIF, CMIG and CMI were deemed to have interests in 100,000,000 ordinary shares of the Company.

4. Vigor, a wholly-owned subsidiary of China Spirit, owned 97,514,540 ordinary shares of the Company. Ms. Chong maintained 100% beneficial interests in China Spirit. Accordingly, Ms. Chong was deemed to be interested in 97,514,540 ordinary shares of the Company in which Vigor was interested.

Save as disclosed above, as at 31 December 2023, there were no other parties who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the Group had no major customers due to the nature of principal activities of the Group. The aggregate purchases attributable to the Group's largest supplier and five largest suppliers were approximately 14% and 42% of the Group's purchases respectively.

None of the Directors, their close associates or any Shareholders, which to the best knowledge of the Directors owned more than 5% of the Company's total number of issued shares, had a beneficial interest in any of the Group's five largest customers and suppliers.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the INEDs, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the INEDs are independent.

DIRECTORS' REPORT

RELATED PARTY TRANSACTIONS

During the year ended 31 December 2023, there were transactions entered into with related parties of the Group, details of which are set out in Note 40 to the consolidated financial statements. These related party transactions constitute a connected transaction or a continuing connected transaction of the Company as defined in and are fully exempt for the connected transaction requirements under Chapter 14A of the Listing Rules and the Company has complied with the disclosure requirements in Chapter 14A of the Listing Rules.

EMOLUMENT POLICY

The emolument policy of the general staff of the Group is set up by the management of the Group on the basis of their merit, qualifications and competence.

The emoluments of the Directors and senior management of the Group are recommended by the remuneration committee of the Company (the "Remuneration Committee") and determined by the board of Directors (the "Board"), having regard to the Company's operating results, individual performance and comparable market statistics.

The Company adopted the model set out in code provision E.1.2(c)(ii) of Appendix 14 (restructured as Appendix C1 since 31 December 2023) to the Listing Rules as its remuneration model for determining the emoluments of the Directors. This model stipulates that the Remuneration Committee shall make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. The Remuneration Committee would take into consideration, among other things, the duties and responsibilities of the Directors and senior management and prevailing market conditions when determining their remuneration.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-Laws or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

PERMITTED INDEMNITY

The Bye-Laws provides that Directors and other officers shall be indemnified and secured harmless out of the assets of the Company from and against all losses or liabilities which they shall or may incur or sustain in or about the execution of their duty or supposed duty in their respective offices or trusts. Such provision was in force during the Year. In addition, the Company has maintained appropriate Directors' and officers' liability insurance in respect of relevant legal actions against the Directors and officers.

DONATIONS

During the Year, the Group made donations amounting to HK$Nil.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" of this Annual Report on pages 35 to 49.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the Year.

DIRECTORS' REPORT

AUDITOR

RSM Hong Kong resigned as auditor of the Company and BDO Limited ("BDO") was appointed as the auditor of the Company to fill the casual vacancy, both with effect from 22 December 2023.

The consolidated financial statements of the Group for the Year were audited by BDO.

A resolution will be proposed to the AGM to re-appoint BDO as auditor of the Company.

EVENT AFTER THE REPORTING DATE

There was no significant event affecting the Company that has occurred since the end of the Year.

On behalf of the Board

Lee Seng Hui
Chairman

Hong Kong, 15 March 2024

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving and maintaining high standards of corporate governance, the board of directors of the Company (the "Board") believes that good corporate governance is essential to the success of the Company and to the enhancement of Shareholders' value. Accordingly, the Company has adopted various measures to ensure that a high standard of corporate governance is maintained.

During the year ended 31 December 2023, the Company has applied the principles of, and complied with, the applicable code provisions set out in the section headed "Part 2 — Principles of good corporate governance, code provisions and recommended best practices" of the Corporate Governance Code ("CG Code") under Appendix 14 (restructured as Appendix C1 since 31 December 2023) of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), except for the code provision C.5.3 of the CG Code as explained below,

The Board will continue to monitor and review the corporate governance principle and practices to ensure compliance.

CORPORATE CULTURE AND STRATEGY

The Board sets the tone and defines the Company's corporate culture which includes its core value to act lawfully and responsibly, and its relations with its stakeholders. The Board plays a leading role in defining the Company's purpose, values and strategy which is forward looking, adaptable to a changing environment and ensuring transparency in order to achieve success in its endeavours. The Board monitors and evaluates the Company's culture, from time to time, by reviewing the Company's decisions and actions whether they are consistent with its desired culture; staff and stakeholders engagements; employee turnover and training; financial reporting functions; effective and accessible whistleblowing framework; legal and regulatory compliance and staff safety, well-being and support.

BOARD OF DIRECTORS

During the Year and up to the date of this report, the Board currently comprises ten directors of the Company (the "Director(s)") in total, with three executive directors ("Executive Directors"), three non-executive directors ("NEDs") and four independent non-executive directors ("INEDs"). The composition of the Board is set out as follows:

Executive Directors

Ms. Chong Sok Un *(Deputy Chairman) (resigned on 5 October 2023)*
Mr. Kong Muk Yin
Mr. Guo Meibao
Mr. Zhou Haiying

Non-Executive Directors

Mr. Lee Seng Hui *(Chairman) (appointed on 10 October 2023)*
Mr. Mark Wong Tai Chun *(appointed on 10 October 2023)*
Mr. Lai Hin Wing Henry Stephen *(resigned on 10 October 2023)*
Mr. Gao Zhaoyuan

Independent Non-Executive Directors

Mr. Zhang Jian
Dr. Xia Xiaoning
Dr. Wong Wing Kuen, Albert
Ms. Yang Lai Sum, Lisa

CORPORATE GOVERNANCE REPORT

The biographical particulars of the Directors are set out in the section headed "Biographical Details in respect of Directors" of this Annual Report on pages 21 to 25.

The Board members have no financial, business, family or other material/relevant relationships with one another. Such balanced Board composition is formed to ensure strong independence exists across the Board.

Throughout the Year, the Board has at least one-third in number of its members comprising INEDs under Rule 3.10A of the Listing Rules and at least one of the INEDs possessing appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 of the Listing Rules.

The Board has received from each INED an annual confirmation of his/her independence and considers that all the INEDs are independent under the guidelines set out in Rule 3.13 of the Listing Rules.

During the Year, 7 Board meetings were held and the attendance of each Director at the Board meetings is set out as follows:

Name of Directors	**Number of Board meetings attended/held**
Executive Directors	
Ms. Chong Sok Un *(Deputy Chairman) (resigned on 5 October 2023)*	4/4
Mr. Kong Muk Yin	7/7
Mr. Guo Meibao	7/7
Mr. Zhou Haiying	7/7
Non-Executive Directors	
Mr. Lee Seng Hui *(Chairman) (appointed on 10 October 2023)*	3/3
Mr. Mark Wong Tai Chun *(appointed on 10 October 2023)*	3/3
Mr. Lai Hin Wing Henry Stephen *(resigned on 10 October 2023)*	4/4
Mr. Gao Zhaoyuan	7/7
Independent Non-Executive Directors	
Mr. Zhang Jian	7/7
Dr. Xia Xiaoning	7/7
Dr. Wong Wing Kuen, Albert	7/7
Ms. Yang Lai Sum, Lisa	6/7

The schedule of Board meetings for a year is planned in the preceding year. Under code provision C.5.3 of the CG Code, notice of at least 14 days should be given of a regular board meeting to all Directors to give all Directors an opportunity to attend. During the year, one Board meeting was convened with 12 days notice only to facilitate the Directors' timely reaction and expeditious decision making process in respect of certain internal affairs of the Group. All Board meetings, nevertheless, were duly convened and held in the way prescribed by the bye-laws of the Company. The Board will use reasonable endeavour to meet the requirements of code provision C.5.3 of the CG Code in the future. Adequate and appropriate information are circulated normally 3 days in advance of Board meetings to the Directors. The Board will continue to monitor and review the corporate governance principles and practices to ensure compliance.

Every Director is entitled to have access to Board papers and related materials and has unrestricted access to the advice and services of the Company Secretary, and has the liberty to seek external professional advice if so required. The Company Secretary continuously updates all Directors on the latest development of the Listing Rules and other applicable regulatory requirements to ensure compliance and upkeep of good corporate governance practices.

CORPORATE GOVERNANCE REPORT

The Board is responsible for formulating overall strategy, monitoring and controlling the performance of the Company and its subsidiaries (the "Group"). In addition to its overall supervisory role, the Board also retains specific responsibilities such as approving specific senior appointments, approving financial accounts, recommending dividend payments, approving policies relating to the Board's compliance, etc. whilst managing the Group's business is the responsibility of the management of the Group (the "Management").

When the Board delegates aspects of its management and administration functions to the Management, it has given clear directions, to the powers of the Management, in particular, with respect to the circumstances where the Management shall report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company. The respective functions of the Board and management of the Company have been formalised and will be reviewed and updated by the Board from time to time.

The Chairman has met with the INEDs without the presence of the Executive Directors and the NEDs during the Year.

Directors' Continuous Professional Development

Each newly appointed Director receives comprehensive, formal and tailored induction on appointment so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities under the Listing Rules, legal and other regulatory requirements.

During the Year, the Company has arranged trainings for Directors to provide regular updates relating to the roles, functions and duties, corporate governance and change in regulatory requirements so as to enable the Directors to properly discharge their duties under the code provision C.1.4 of the CG Code.

Directors participated the following continuous professional development activities during the Year:

Name of Directors	Reading regulatory updates and other materials relating to Directors' duties and responsibilities	Attending trainings/ briefings/seminars/ conferences relevant to Directors' duties
Executive Directors		
Ms. Chong Sok Un *(Deputy Chairman) (resigned on 5 October 2023)*	✓	✓
Mr. Kong Muk Yin	✓	✓
Mr. Guo Meibao	✓	✓
Mr. Zhou Haiying	✓	✓
Non-Executive Directors		
Mr. Lee Seng Hui *(Chairman) (appointed on 10 October 2023)*	✓	✓
Mr. Mark Wong Tai Chun *(appointed on 10 October 2023)*	✓	✓
Mr. Lai Hin Wing Henry Stephen *(resigned on 10 October 2023)*	✓	✓
Mr. Gao Zhaoyuan	✓	✓
Independent Non-Executive Directors		
Mr. Zhang Jian	✓	✓
Dr. Xia Xiaoning	✓	✓
Dr. Wong Wing Kuen, Albert	✓	✓
Ms. Yang Lai Sum, Lisa	✓	✓

CORPORATE GOVERNANCE REPORT

Directors' and Officers' Liabilities Insurance

The Company has arranged appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against the Directors and officers of the Company and its subsidiaries arising out of corporate activities of the Group under the code provision C.1.8 of the CG Code.

Roles of Chairman and Chief Executive

The code provision C.2.1 of the CG Code requires that the roles of the chairman and the chief executive are segregated and should not be performed by the same individual, to strike a balance of power and authority so that the job responsibilities are not concentrated on any one individual.

The Chairman/Deputy Chairman is responsible for the leadership and effective running of the Board. The functions of the chief executive are performed by the Executive Directors, Mr. Kong Muk Yin ("Mr. Kong"), who is in charge of finance and accounts aspect and Mr. Guo Meibao who is in charge of day-to-day operation of healthcare and eldercare business in the PRC. The functions and responsibilities between the Chairman/Deputy Chairman and the Executive Directors performing the functions of the chief executive are clearly segregated.

The list of Directors and their roles and functions are available on the website of the Stock Exchange and the websites of the Company.

Appointment and Re-election of Directors

Each of the NEDs (including INEDs) has entered into a letter of appointment with the Company and is appointed for a specific term, subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company (the "AGM") in accordance with the bye-laws of the Company (the "Bye-Laws"). Any new Director appointed by the Board to fill a casual vacancy shall be subject to re-election by the shareholders of the Company (the "Shareholders") at the next following AGM after appointment in accordance with the Bye-Laws.

Board Diversity Policy

The Company has adopted a board diversity policy (the "Board Diversity Policy") on 30 August 2013 which sets out the approach to achieve diversity of the Board in order to maintain a sustainable and balanced development of the Company and enhance the quality of performance of the Board.

The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

During the Year, the Board consists of one female Director and nine male Directors, which is not a single-gender Board. As at 31 December 2023, the ratio of male to female in the workforce of the Company (excluding Directors) was approximately 28:72. For details of gender distribution, please refer to the Environment, Social and Governance ("ESG") Report of the Company separately released on the website of the Stock Exchange and the websites of the Company.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

Board Independence

The Company has established mechanisms to ensure independent views and input are available to the Board and conducted review of such mechanisms on an annual basis, including the procedures and channels for directors to seek external professional advice and information, and the qualifications of INEDs, the number of people and the time contributed, etc., to ensure that the Board can obtain independent views and opinions, and will review the implementation and effectiveness of the mechanism every year.

CORPORATE GOVERNANCE REPORT

Corporate Governance Function

The Board has adopted the written terms of reference on corporate governance function on 27 February 2012 so as to assist the Board in supervising the management of the business and office of the Group. During the Year, the Board has performed the corporate governance duties in accordance with its terms of reference.

The duties of the Board in respect of corporate governance function are summarized as follows:

i) to develop and review the Company's policies and practices on corporate governance;

ii) to review and monitor the training and continuous professional development of Directors and senior management of the Group (the "Senior Management");

iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

v) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

BOARD COMMITTEES

The Board has established six committees, namely, the Executive Committee, Investment Committee, ESG Committee, Remuneration Committee, Nomination Committee and Audit Committee to assist it in carrying out its responsibilities and to oversee particular aspects of the Group's affairs. Each of the committees has defined terms of reference setting out its duties, powers and functions. The committees report regularly to the Board and, where appropriate, make recommendations on matters discussed.

The list of the chairman and members of each Board committee is set out in the Corporate Information section of this Annual Report.

Executive Committee

The Executive Committee was established on 23 May 1998 with its written terms of reference adopted on 21 July 2005. The committee is composed of two Executive Directors. The Executive Committee is responsible for approving and monitoring the daily operations of the Group. The Executive Committee held 39 meetings during the Year.

Investment Committee

The Investment Committee was established on 2 February 2000 with its written terms of reference adopted on 19 December 2005. The committee is composed of two Executive Directors and two NEDs. The Investment Committee is responsible for approving and monitoring the Group's investment related activities. No Investment Committee meeting was held during the Year.

Environmental, Social and Governance Committee

The ESG Committee was established on 1 June 2022 with its written terms of reference adopted on the same date. The ESG Committee is composed of two Executive Directors, one NED and one INED. The ESG Committee is responsible for approving and monitoring the ESG-related issue of the Group. One ESG Committee meeting was held during the Year.

CORPORATE GOVERNANCE REPORT

Remuneration Committee

The Remuneration Committee was established on 15 April 2005 with its written terms of reference adopted on the same date and updates last made on 1 February 2023. The terms of reference of the Remuneration Committee are available on the website of the Stock Exchange and the websites of the Company.

The Remuneration Committee comprises one Executive Director, two NEDs and four INEDs. The composition of the Remuneration Committee has complied with the requirements as set out in Rule 3.25 of the Listing Rules that the Remuneration Committee should be chaired by an INED and a majority of its members should be INEDs.

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the members of the Senior Management (other than Executive Directors) by band for the year ended 31 December 2023 is set forth below:

Remuneration bands	Number of individuals
Nil to HK$1,000,000	—
HK$1,000,001 to HK$1,500,000	1
HK$1,500,001 to HK$2,000,000	2

Further particulars regarding highest paid employees as required to be disclosed pursuant to Appendix 16 (restructured as Appendix D2 since 31 December 2023) to the Listing Rules are set out in Note 11 to the consolidated financial statements.

The meeting of the Remuneration Committee shall be held at least once a year. Two meetings were held during the Year and the attendance of each member is set out as follows:

Name of members	Number of meetings attended/held
Dr. Xia Xiaoning *(Chairman)*	2/2
Ms. Chong Sok Un *(resigned on 5 October 2023)*	1/1
Mr. Kong Muk Yin	2/2
Mr. Mark Wong Tai Chun *(appointed on 10 October 2023)*	1/1
Mr. Gao Zhaoyuan	2/2
Mr. Zhang Jian	2/2
Dr. Wong Wing Kuen, Albert	2/2
Ms. Yang Lai Sum, Lisa	2/2

The remuneration policy of the Group is to ensure all its employees are remunerated in line with market terms and individual performance.

At the meeting held during the Year, the overall pay trend in Hong Kong of 2023 was reviewed and noted.

The major roles and functions of the Remuneration Committee are as follows:

i) to make recommendations on the establishment of procedures for developing the remuneration policy and structure for all Directors and the Senior Management, which policy and structure shall ensure, amongst other matters, that no Director or any of his/her associates (as defined in the Listing Rules) will participate in deciding his/her own remuneration;

ii) to review and recommend remuneration proposals of the Management by reference to the Board's corporate goals and objectives;

CORPORATE GOVERNANCE REPORT

iii) to review and recommend to the Board the remuneration packages of all Directors and the Senior Management by reference to the salaries paid by comparable companies, their time commitment and responsibilities as well as the employment terms and conditions offered by other member companies within the Group; and

iv) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct.

The Remuneration Committee has adopted the model that it will review the proposals made by the Management on the remuneration of Executive Directors and the Senior Management, and makes recommendations to the Board. The Board will have final authority to approve the recommendations made by the Remuneration Committee.

Nomination Committee

The Nomination Committee was established on 27 February 2012 with its written terms of reference adopted on the same date and updates last made on 25 August 2022. The terms of reference of the Nomination Committee are available on the website of the Stock Exchange and the websites of the Company.

The Nomination Committee comprises one Executive Director and four INEDs. The meeting of the Nomination Committee shall be held at least once a year. One meeting was held during the Year and the attendance of each member is set out as follows:

Name of members	**Number of meetings attended/held**
Ms. Chong Sok Un *(Chairman) (resigned on 5 October 2023)*	1/1
Mr. Kong Muk Yin *(appointed on 10 October 2023)*	N/A
Mr. Zhang Jian	1/1
Dr. Xia Xiaoning	1/1
Dr. Wong Wing Kuen, Albert	1/1
Ms. Yang Lai Sum, Lisa	1/1

The Nomination Committee is responsible for formulating nomination policy for the Board's consideration and implementing the Board's approved nomination policy and making recommendations to the Board on the appointment or re-appointment of the Directors, and Board succession.

The Company has adopted a nomination policy on 1 January 2019 for formalising the current nomination practice of the Company. The policy sets out the criteria, process and procedures for the selection, appointment and re-election of the Directors so as to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business as set out in the Board Diversity Policy, the candidate's time and commitment and integrity, and the independence criteria under Rule 3.13 of the Listing Rules if the candidate is proposed to be appointed as an INED. The Nomination Committee will review the nomination policy, as appropriate, to ensure its effectiveness.

The Nomination Committee may identify potential candidates from any source as it may consider appropriate and review the curriculum vitae submitted by potential candidates to assess whether they are 'fit and proper' for the proposed appointment.

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The Nomination Committee shall evaluate potential candidates by considering the relevant criteria as set out in the nomination policy including, without limitation, their business and financial experience, skills, expertise, varied backgrounds and qualifications and diversity to be brought to the Company through attendance and participation in the Board or committee meetings. The Nomination Committee shall also consider (i) the commitment of the potential candidates in devoting sufficient time and attention to the affairs of the Group; (ii) their potential contribution to Board diversity; (iii) any material conflict of interest or potential material conflict of interest with the Group; and (iv) their independence with reference to the independence guidelines set out in the Listing Rules if the potential candidates will be appointed as INEDs.

Upon recommendation by the Nomination Committee, the proposed appointment will be reviewed and, if thought fit, approved by the Board.

The major roles and functions of the Nomination Committee are as follows:

i) to review the structure, size, composition and diversity of the Board (including but not limited to gender, age, cultural background, educational background, skills, knowledge, experience and diversity of perspectives) at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

ii) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

iii) to assess the independence of INEDs;

iv) to make recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for Directors, in particular the chairman, deputy chairman and the chief executive; and

v) to review the Board Diversity Policy, and review the measurable objectives that the Board has set for implementing the Board Diversity Policy; and the progress on achieving the objectives.

Audit Committee

The Audit Committee was established on 29 January 1999 with its written terms of reference adopted on the same date and updates last made on 25 August 2022. The Audit Committee is provided with sufficient resources to discharge its duties and has accessed to independent professional advices according to the Company's policy if considered necessary. The terms of reference of the Audit Committee are available on the website of the Stock Exchange and the websites of the Company.

The Audit Committee comprises one NED and four INEDs. The composition of the Audit Committee has complied with the requirements as set out in Rule 3.21 of the Listing Rules that a majority of the members of the Audit Committee should be INEDs.

CORPORATE GOVERNANCE REPORT

The Audit Committee shall meet at least twice a year. Five meetings were held during the Year. The minutes of the Audit Committee meetings were tabled to the Board for noting and for action by the Board where appropriate. The attendance of each member is set out as follows:

Name of members	Number of meetings attended/held
Dr. Wong Wing Kuen, Albert *(Chairman)*	5/5
Mr. Gao Zhaoyuan	5/5
Mr. Zhang Jian	4/5
Dr. Xia Xiaoning	5/5
Ms. Yang Lai Sum, Lisa	5/5

During the Year and up to the date of this report, the Audit Committee had performed the following work:

i) reviewed the financial reports for the year ended 31 December 2022, for the six months ended 30 June 2023 and for the year ended 31 December 2023;

ii) reviewed the statutory audit plan and engagement letters of the external auditors of the Group (the "External Auditors");

iii) reviewed and recommended for the Board's approval the audit scope and fees for the six months ended 30 June 2023 and for the year ended 31 December 2023; and

iv) reviewed and recommend for the Board's annual review of the whistle blowing policy, procedures for the identification and monitoring of connected transaction and notifiable transaction, related party transaction policies and procedures, policy on the disclosure of inside information and policy on risk management, compliance and internal control procedures.

The major roles and functions of the Audit Committee are as follows:

i) to review the relationship with the External Auditors by reference to the work performed by the External Auditors, as well as their independence, fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of External Auditors;

ii) to discuss the nature and scope of the audit with the External Auditor;

iii) to review the interim and annual financial statements before submission to the Board and to discuss any problem and reservation arising therefrom;

iv) to review the External Auditor's management letter and Management's response; and to ensure that the Board will provide a timely response to the issues raised in the External Auditor's management letter;

v) to review the Group's financial controls, internal control and risk management systems to ensure that they are appropriate and functioning properly;

vi) to consider any findings of major investigations of internal control and risk management matters and Management's response; and

CORPORATE GOVERNANCE REPORT

vii) to review arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Group, and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

WHISTLE BLOWER POLICY

The Board has adopted the Whistle Blower Policy and system for employees and those who deal with the Group to raise concern, in confidence and anonymity, if required and appropriate, with the Audit Committee about possible improprieties in any matter related to the Group.

AUDITOR'S REMUNERATION

During the Year under review, the remuneration paid or payable to the External Auditor, BDO Limited, is set out as follows:

Services rendered	**Fees paid/payable** *HK$'000*
Audit services	1,630

During the Year under review, the remuneration paid or payable to the previous External Auditor of the Group, RSM Hong Kong, is set out as follows:

Services rendered	**Fees paid/payable** *HK$'000*
Audit services (Note)	2,388
Non-audit services	565
	2,953

Note: The remuneration paid during the Year under review is related to the audit services for the prior years.

RISK MANAGEMENT AND INTERNAL CONTROL

The main features of the risk management and internal control systems are to provide a clear governance structure, policies and procedures, as well as reporting mechanism to facilitate the Group to manage its risks across business operations.

The Group has established a risk management framework, which consists of the Board, the Audit Committee and the risk management taskforce of the Group (the "Risk Management Taskforce"). The Board determines the nature and extent of risks that shall be taken in achieving the Group's strategic objectives, and has the overall responsibility for monitoring the design, implementation and the overall effectiveness of risk management and internal control systems.

The Group has formulated and adopted risk management policy in providing direction in identifying, evaluating and managing significant risks. At least on an annual basis, the Risk Management Taskforce identifies risks that would adversely affect the achievement of the Group's objectives, and assesses and prioritizes the identified risks according to a set of standard criteria. Risk mitigation plans and risk owners are then established for those risks considered to be significant.

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The internal control system of the Company comprises a well-established organizational structure and comprehensive polices and standards. The Board has clearly defined the authorities and key responsibilities of each business and operational unit to ensure adequate checks and balances.

The Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and involving in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

In addition, the Group has established an internal audit function to assist the Board and the Audit Committee in ongoing monitoring of the risk management and internal control systems of the Group. Deficiencies in the design and implementation of internal controls are identified and recommendations are proposed for improvement. Significant internal control deficiencies are reported to the Audit Committee and the Board on a timely basis to ensure prompt remediation actions are taken.

The key processes that have been established in reviewing the adequacy and integrity of the system of internal controls include the following:

a) The Executive Committee was established to ensure the effectiveness of the Group's daily operations and that the Group's operations are in accordance with the corporate objectives, strategies and the annual budget as well as the policies and business directions that have been approved.

b) The Audit Committee reviews internal control issues identified by internal control consultant, regulatory authorities and the Management, and evaluates the adequacy and effectiveness of the Group's risk management and internal control systems. To further enhance control awareness, the Group has also approved launching the Whistle Blower Policy and system for employees and those who deal with the Group to raise concern, in confidence and anonymity, if required and appropriate, with the Audit Committee about possible improprieties in any matter related to the Group.

c) The Investment Committee was established to monitor the Group's investment related activities and respective operating and financial policies.

d) The Remuneration Committee was established to ensure all the Directors and the Senior Management are remunerated in line with market terms and individual performance.

e) The corporate reporting functions are delegated to the accounting department in terms of proper and regular reviews on the deployment of resources and financial reporting systems. The corporate governance practices and compliance with the Listing Rules, the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") and other applicable regulations are delegated to the company secretarial department. The Management reviews the system of internal controls and briefs the reporting systems with the Executive Directors regularly and the Audit Committee annually.

f) Every newly appointed Director is provided with a comprehensive handout detailing the responsibilities and duties of being a director. In particular highlighting the respective applicable rules and regulations, including the Listing Rules, which a Director should aware and be informed on the first occasion of his/her appointment with the Company.

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g) The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 (restructured as Appendix C3 since 31 December 2023) of the Listing Rules (the "Model Code") as the code of conduct regarding Directors' and relevant employees' securities transactions. A copy of the Model Code was sent to each Director and the relevant employees of the Group who are required to be provided under the Model Code. Enquiries have been made with Directors and all the Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the Year. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company.

Risk management report and internal control report are submitted to the Audit Committee and the Board at least once a year.

The Board is of the view that the systems of risk management and internal control in place for the Year under review and up to the date of issuance of this Annual Report and financial statements are effective and sufficient to safeguard the interests of the Shareholders, employees, and the Group's assets.

The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Procedures and internal controls for the handling and dissemination of inside information

The Group has established policies and procedures on inside information and complies with requirements of SFO and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the Safe Harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

ACCOUNTABILITY AND AUDIT

The Directors are responsible for overseeing the preparation of accounts of each financial period, which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the accounts for the Year, the Directors have selected suitable accounting policies and have applied them consistently, adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards which are pertinent to its operations and relevant to the financial statements, made judgments and estimates that are prudent and reasonable, and have prepared the accounts on a going concern basis.

SHAREHOLDERS' COMMUNICATION

A shareholder's communication policy was established on 27 February 2012. The Company has maintained different communication channels with the Shareholders through the publication of annual and interim reports, circulars and announcements.

CORPORATE GOVERNANCE REPORT

During the Year, an AGM and a special general meeting ("SGM") were held and the attendance of each Director at the AGM is set out as follows:

Name of Directors	Number of AGM attended/held	Number of SGM attended/held
Ms. Chong Sok Un *(Deputy Chairman) (resigned on 5 October 2023)*	1/1	1/1
Mr. Kong Muk Yin	1/1	1/1
Mr. Guo Meibao	1/1	1/1
Mr. Zhou Haiying	1/1	1/1
Mr. Lee Seng Hui *(Chairman) (appointed on 10 October 2023)*	N/A	N/A
Mr. Mark Wong Tai Chun *(appointed on 10 October 2023)*	N/A	N/A
Mr. Lai Hin Wing Henry Stephen *(resigned on 10 October 2023)*	1/1	1/1
Mr. Gao Zhaoyuan	1/1	1/1
Mr. Zhang Jian	1/1	0/1
Dr. Xia Xiaoning	1/1	0/1
Dr. Wong Wing Kuen, Albert	1/1	1/1
Ms. Yang Lai Sum, Lisa	1/1	0/1

The AGM provides a useful forum for the Shareholders to exchange views with the Board. At the Company's last AGM, the Deputy Chairman as well as Chairmen of the Audit Committee, Nomination Committee and Remuneration Committee were present to answer the Shareholders' questions.

Separate resolutions are proposed at the general meetings for each substantial issue, including the re-election of the retiring Directors.

The Company's last AGM was held on 1 June 2023 and the Securities Repurchase Circular was sent to the Shareholders at least 20 clear business days prior to the meeting, setting out details of each proposed resolution, voting procedures (including the procedures for conducting a poll) and other relevant information. The Deputy Chairman explained the procedures for conducting a poll again at the beginning of the meeting and revealed the level of proxies voted in respect of each resolution. All Shareholders are encouraged to attend the general meetings or to appoint proxies to attend and vote at the meetings on their behalf if they are unable to attend the meetings.

The next AGM will be held on 20 May 2024, the notice of which will be sent to the Shareholders at least 20 days before the meeting. An explanation of the detailed procedures for conducting a poll will be provided to the Shareholders at the commencement of the meeting. The Chairman will answer any questions from the Shareholders regarding voting by way of a poll. The poll results will be published in accordance with the requirements of the Listing Rules.

SHAREHOLDERS' RIGHTS

Right to put enquiries to the Board

The Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. Other Shareholders' enquiries can be directed to the head office and principal place of business of the Company in Hong Kong as set out in the Corporate Information section of this Annual Report for the attention of the Company Secretary.

CORPORATE GOVERNANCE REPORT

Right to convene special general meeting

Pursuant to Section 74(1) of the Bermuda Companies Act and Clause 62 of the Bye-Laws, the Shareholder(s) holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company may request the Board to convene a special general meeting of the Company.

The requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited at the registered office of the Company at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda for the attention of the Company Secretary and may consist of several documents in like form each signed by one or more requisitionists.

If the Directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of 3 months from the said date.

Right to put forward proposals at general meetings

On the requisition in writing of either (i) any number of the Shareholders representing not less than one-twentieth of the total voting rights of all the Shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates; or (ii) not less than 100 Shareholders, the Company shall, at the expense of the requisitionists:

a) give to the Shareholders entitled to receive notice of the next AGM notice of any resolution which may properly be moved and is intended to be moved at that meeting; and

b) circulate to the Shareholders entitled to have notice of any general meeting sent to them any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The requisition must be signed by the requisitionists and deposited at the head office of the Company in Hong Kong at 47th Floor, United Asia Finance Centre, 333 Lockhart Road, Wanchai, Hong Kong for the attention of the Company Secretary.

INVESTOR RELATIONS

The Company maintains websites at (www.cmhg.com.hk and www.irasia.com/listco/hk/cmhg/) where information and updates on the list of Directors and their roles and functions, constitutional documents, terms of reference of the Board committees, procedures for nomination of Directors for election, announcements, circulars and reports released to the Stock Exchange and other information are posted. Information on the Company's websites will be updated from time to time.

CONSTITUTIONAL DOCUMENTS

On 1 June 2023, the shareholders of the Company have approved at the AGM the proposed amendment to the existing bye-laws (the "Existing Bye-Laws") of the Company (the "First Proposed Amendments") by adoption of a new set of bye-laws (the "New Bye-Laws") incorporating and consolidating the First Proposed Amendments in substitution for and to the exclusion of the Existing Bye-Laws in order to, among others, (i) bring the Existing Bye-Laws in line with the relevant requirements of the Listing Rules, including the core shareholder protection standards set out in Appendix 3 (restructured as Appendix A1 since 31 December 2023) to the Listing Rules, and the applicable laws of Bermuda; (ii) allow general meetings to be held as electronic meeting or a hybrid meeting; and (iii) make other housekeeping amendments. Details of the First Proposed Amendments were set out in the circular of the Company dated 28 April 2023.

CORPORATE GOVERNANCE REPORT

On 1 March 2024, the shareholders of the Company have approved at the SGM the proposed amendments to the New Bye-Laws (the "Second Proposed Amendments") by adoption of another new set of bye-laws (the "Second Amended and Restated Bye-Laws") in substitution for, and to the exclusion of, the New Bye-Laws in order to, among others, bring the New Bye-Laws in line with the relevant requirements of the Listing Rules and applicable laws of Bermuda, including (i) sending or otherwise making available the corporate communication to the relevant holders of its securities using electronic means or (ii) making the corporate communication available on its website and the Stock Exchange's website. Details of the Second Proposed Amendments were set out in the circular of the Company dated 8 February 2024.

DIVIDEND POLICY

The Board has adopted the dividend policy effective on 1 January 2019. The Company's dividend policy aims at providing reasonable and sustainable returns to the Shareholders whilst maintaining a position of financial stability which allows the Company to take advantage of any investment and expansion opportunities that may arise from time to time.

The Company in general meeting may from time to time declare dividends in any currency to be paid to the Shareholders but no dividend shall be declared in excess of the amount recommended by the Board. Dividends may be declared and paid out of the profits of the Company, realized or unrealized, or from any reserve set aside from profits which the Directors determine is no longer needed.

Under the Bye-Laws, the Directors have the power to pay interim dividends but only if they are justified by the profits of the Company. Proposal or declaration of dividends by the Board is subject to consideration of the financial performance of the Group's operations; financial condition and position of the Group; capital expenditure and development requirement of the Group; and accumulated earnings of the Company, gearing level and liquidity position of the Group, general economic and investment conditions and outlook which may have an impact on the financial performance and position of the Group, and such other factors the Board may deem relevant.

COMPANY SECRETARY

All Directors have access to the advice and services of the Company Secretary. The Company Secretary reports to the Chairman/Deputy Chairman on board governance matters, and is responsible for ensuring that Board procedures are followed and for facilitating communications among Directors as well as with the Shareholders and the Management.

On 21 November 2023, Ms. Leung Yuk Yi resigned as the Company Secretary and Mr. Kong was appointed as the Company Secretary. The biographical details of Mr. Kong is set out in the section headed "Biographical Details in respect of Directors" of this Annual Report on pages 21 to 25.

On behalf of the Board
China Medical & HealthCare Group Limited

Lee Seng Hui
Chairman

Hong Kong, 15 March 2024

INDEPENDENT AUDITOR'S REPORT

BDO

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Hong Kong

TO THE SHAREHOLDERS OF CHINA MEDICAL & HEALTHCARE GROUP LIMITED
中國醫療網絡有限公司
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of China Medical & HealthCare Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 55 to 145, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
Refer to Note 16 to the consolidated financial statements. The Group's investment properties which represent industrial, commercial and residential properties located in the People's Republic of China, except Hong Kong (the "PRC") and Hong Kong were stated at fair value of approximately HK$545,920,000 as at 31 December 2023 with a fair value loss of approximately HK$3,524,000 recognised in the profit or loss for the year ended 31 December 2023. All investment properties are measured at fair value with reference to valuations performed by an independent qualified professional valuer. The fair values of the Group's investment properties were measured using investment approach, or wherever appropriate, direct comparison approach. Due to the significance of investment properties (representing 15% of total assets) to the consolidated financial statements and the existence of significant management's judgements and estimations involved in valuations, we identified the valuation of investment properties as a key audit matter.	Our procedures in relation to the valuation of investment properties included: — Assessing the appropriateness of the valuation methodologies and the reasonableness of the key assumptions and evaluating the appropriateness of key data inputs used in the valuation of the fair value of the investment properties; — Involving an auditor's expert to assist our assessment on the appropriateness of valuation methodologies and key data inputs, and the reasonableness of key assumptions used; and — Assessing the competence, capabilities and objectivity of the independent external valuer and auditor's expert.

INDEPENDENT AUDITOR'S REPORT

Key audit matter	How our audit addressed the key audit matter
Valuation of leasehold land and buildings	
Refer to Note 17 to the consolidated financial statements. The Group's leasehold land and buildings, classified as property, plant and equipment, which represent leasehold land and buildings in Hong Kong, hospital buildings and other buildings in the PRC, were stated at fair value of approximately HK$1,061,589,000 as at 31 December 2023 with a revaluation increase of approximately HK$847,000 recognised in the other comprehensive income for the year ended 31 December 2023. The leasehold land and buildings are measured at fair value with reference to valuations performed by an independent qualified professional valuer. The fair values of the Group's leasehold land and buildings were measured using depreciated replacement cost approach, or wherever appropriate, direct comparison approach. Due to the significance of leasehold land and buildings (representing 29% of total assets) to the consolidated financial statements and the existence of significant management's judgements and estimations involved in valuations, we identified the valuation of leasehold land and buildings as a key audit matter.	Our procedures in relation to the valuation of leasehold land and buildings included: — Assessing the appropriateness of the valuation methodologies and the reasonableness of the key assumptions and evaluating the appropriateness of key data inputs used in the valuation of the fair value of the leasehold land and buildings; — Involving an auditor's expert to assist in our assessment on the appropriateness of valuation methodologies and key data inputs, and the reasonableness of key assumptions used; and — Assessing the competence, capabilities and objectivity of the independent external valuer and auditor's expert.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 28 March 2023.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The audit committee of the Company (the "Audit Committee") assists the directors in discharging their responsibilities in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITOR'S REPORT

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants
Alfred Lee
Practising Certificate no. P04960

Hong Kong, 15 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 HK$'000	2022 HK$'000
Revenue	6	**1,568,824**	1,437,863
Gross proceeds from sales of investments held for trading		**3,481**	—
Total		**1,572,305**	1,437,863
Revenue	6		
Goods and services from contracts with customers		**1,561,188**	1,430,289
Rental		**7,636**	7,552
Others		**—**	22
		1,568,824	1,437,863
Cost of goods and services		**(1,282,604)**	(1,172,307)
Gross profit		**286,220**	265,556
Other gains and losses, and other income	8	**33,749**	(64,460)
Selling and distribution costs		**(5,751)**	(4,036)
Administrative expenses		**(231,007)**	(255,214)
Profit/(loss) from operations		**83,211**	(58,154)
Finance costs	9	**(47,807)**	(59,015)
Profit/(loss) before taxation		**35,404**	(117,169)
Income tax expense	12	**(14,912)**	(1,976)
Profit/(loss) for the year	13	**20,492**	(119,145)
Attributable to:			
Owners of the Company		**11,295**	(123,574)
Non-controlling interests		**9,197**	4,429
		20,492	(119,145)
Earnings/(loss) per share	15		(Restated)
Basic		**HK1.22 cents**	HK(16.94) cents
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 HK$'000	2022 HK$'000
Profit/(loss) for the year	**20,492**	(119,145)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Net change on debt instruments at fair value through other comprehensive income ("FVTOCI")	**—**	(2)
Loss on revaluation reserve of financial assets at FVTOCI reclassified to profit or loss upon redemption	**—**	(1,098)
Exchange differences on translating foreign operations	**1,054**	(78,255)
	1,054	(79,355)
Items that will not be reclassified to profit or loss:		
Gain on revaluation of leasehold land and buildings included in property, plant and equipment	**847**	80,148
Deferred tax arising from revaluation of leasehold land and buildings included in property, plant and equipment	**(201)**	(20,045)
	646	60,103
Other comprehensive income for the year, net of tax	**1,700**	(19,252)
Total comprehensive income for the year	**22,192**	(138,397)
Attributable to:		
Owners of the Company	**8,255**	(145,655)
Non-controlling interests	**13,937**	7,258
	22,192	(138,397)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current assets			
Investment properties	16	**545,920**	557,089
Property, plant and equipment	17	**1,564,586**	1,480,940
Right-of-use assets	18	**120,572**	130,156
Loan receivable	26	**—**	—
Interests in associates	19	**—**	—
Financial assets at fair value through profit or loss ("FVTPL")	20	**2,151**	802
Goodwill	21	**—**	—
Prepayments for acquisition of property, plant and equipment		**23,398**	30,114
		2,256,627	2,199,101
Current assets			
Inventories	22	**48,752**	35,313
Properties under development for sale	23	**177,973**	185,606
Properties held for sale	23	**80,463**	91,688
Investments held for trading	24	**6,624**	12,089
Trade receivables	25	**83,486**	72,136
Deposits, prepayments and other receivables	25	**40,084**	22,518
Pledged bank deposits	27	**32,984**	24,319
Restricted bank deposits	27	**136**	714
Bank balances and cash	27	**890,266**	589,050
		1,360,768	1,033,433
Current liabilities			
Trade payables	28	**162,798**	146,508
Deposits, receipts in advance and accrued charges	28	**485,401**	273,197
Deposits received on sales of properties		**212**	1,757
Contract liabilities	30	**53,859**	40,744
Amount due to an associate	31	**6,044**	6,178
Borrowings	32	**312,561**	544,816
Lease liabilities	29	**3,389**	5,979
Current tax liabilities		**120,608**	111,539
		1,144,872	1,130,718
Net current assets/(liabilities)		**215,896**	(97,285)
Total assets less current liabilities		**2,472,523**	2,101,816

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current liabilities			
Other payables		—	12,689
Contract liabilities	30	**8,104**	10,276
Borrowings	32	**447,489**	388,787
Lease liabilities	29	**35,193**	39,439
Deferred tax liabilities	33	**71,394**	71,766
		562,180	522,957
Net assets		**1,910,343**	1,578,859
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	34	**10,860**	7,240
Reserves	35	**1,861,629**	1,547,702
		1,872,489	1,554,942
Non-controlling interests	36	**37,854**	23,917
Total equity		**1,910,343**	1,578,859

The consolidated financial statements on pages 55 to 145 were approved and authorised for issue by the Board of Directors on 15 March 2024 and are signed on its behalf by:

Mr. Kong Muk Yin	**Mr. Guo Meibao**
Director	*Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Properties revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Capital redemption reserve HK$'000	Other reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
As at 1 January 2022	7,240	2,621,374	104,798	1,100	2,496	(796,531)	77,806	(317,686)	1,700,597	16,659	1,717,256
(Loss)/profit for the year	–	–	–	–	–	–	–	(123,574)	(123,574)	4,429	(119,145)
Other comprehensive income:											
Net change on debt instruments at FVTOCI	–	–	–	(2)	–	–	–	–	(2)	–	(2)
Loss on revaluation reserve of financial assets at FVTOCI reclassified to profit or loss upon redemption	–	–	–	(1,098)	–	–	–	–	(1,098)	–	(1,098)
Exchange differences arising on translation of foreign operation	–	–	–	–	–	–	(76,450)	–	(76,450)	(1,805)	(78,255)
Gain on revaluation of leasehold land and buildings included in property, plant and equipment	–	–	73,969	–	–	–	–	–	73,969	6,179	80,148
Deferred tax arising from revaluation of leasehold land and buildings included in property, plant and equipment	–	–	(18,500)	–	–	–	–	–	(18,500)	(1,545)	(20,045)
Other comprehensive income for the year	–	–	55,469	(1,100)	–	–	(76,450)	–	(22,081)	2,829	(19,252)
Total comprehensive income for the year	–	–	55,469	(1,100)	–	–	(76,450)	(123,574)	(145,655)	7,258	(138,397)
At 31 December 2022	7,240	2,621,374	160,267	–	2,496	(796,531)	1,356	(441,260)	1,554,942	23,917	1,578,859

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Properties revaluation reserve HK$'000	Capital redemption reserve HK$'000	Other reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
As at 1 January 2023	7,240	2,621,374	160,267	2,496	(796,531)	1,356	(441,260)	1,554,942	23,917	1,578,859
Profit for the year	–	–	–	–	–	–	11,295	11,295	9,197	20,492
Other comprehensive income:										
Exchange differences on translating foreign operations	–	–	–	–	–	(6,063)	–	(6,063)	7,117	1,054
Gain/(loss) on revaluation of leasehold land and buildings included in property, plant and equipment	–	–	4,016	–	–	–	–	4,016	(3,169)	847
Deferred tax arising from revaluation of leasehold land and buildings included in property, plant and equipment	–	–	(993)	–	–	–	–	(993)	792	(201)
Other comprehensive income for the year	–	–	3,023	–	–	(6,063)	–	(3,040)	4,740	1,700
Total comprehensive income for the year	–	–	3,023	–	–	(6,063)	11,295	8,255	13,937	22,192
Issuance of rights issue (Note 34)	3,620	305,672	–	–	–	–	–	309,292	–	309,292
At 31 December 2023	**10,860**	**2,927,046**	**163,290**	**2,496**	**(796,531)**	**(4,707)**	**(429,965)**	**1,872,489**	**37,854**	**1,910,343**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 HK$'000	2022 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	**35,404**	(117,169)
Adjustments for:		
Interest income	**(24,466)**	(3,958)
Depreciation of property, plant and equipment	**89,094**	94,290
Depreciation of right-of-use assets	**9,124**	10,403
Impairment loss under expected credit loss ("ECL") model	**3,777**	34,711
Provision for properties under development for sale	**4,342**	5,000
Provision for properties held for sale	**3,758**	6,856
Written off of property, plant and equipment	**1,397**	12,124
Net loss on disposal of property, plant and equipment	**—**	470
Finance costs	**47,807**	59,015
Fair value gain on financial assets at FVTPL	**(1,349)**	—
Loss on fair value of investments held for trading	**1,984**	2,702
Loss on fair value of investment properties	**3,524**	23,946
Operating cash flows before working capital changes	**174,396**	128,390
Increase in inventories	**(14,364)**	(11,183)
Increase in properties under development for sale	**—**	(3,745)
Decrease in properties held for sale	**1,664**	6,816
(Increase)/decrease in trade receivables	**(16,770)**	38,732
(Increase)/decrease in deposits, prepayments and other receivables	**(17,566)**	4,387
Increase/(decrease) in trade payables	**16,290**	(7,967)
Increase/(decrease) in other payables and accrued charges	**225,827**	(73,424)
(Decrease)/increase in deposits received on sales of properties	**(1,524)**	1
Decrease in customers' deposits and receipts in advance	**(21,759)**	(6,316)
Increase in contract liabilities	**12,257**	372
Cash generated from operations	**358,451**	76,063
Income taxes paid, net	**(2,371)**	(5,622)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**356,080**	70,441

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 HK$'000	2022 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of debt instruments at FVTOCI	—	3,582
Placement of pledged bank deposits/restricted bank deposits	(170,236)	(127,544)
Withdrawal of pledged bank deposits/restricted bank deposits	161,509	159,300
Interest received	24,466	3,958
Additions of property, plant and equipment	(184,031)	(106,814)
Additions of right-of-use assets	(2,267)	—
Prepayments paid for acquisition of property, plant and equipment	(11,748)	(31,153)
Proceeds from disposal of property, plant and equipment	—	47
Gross proceeds from sales of investments held for trading	3,481	—
NET CASH USED IN INVESTING ACTIVITIES	(178,826)	(98,624)
CASH FLOWS FROM FINANCING ACTIVITIES		
New borrowings raised	552,480	622,178
Repayments of borrowings	(707,457)	(530,494)
Proceeds from issue of shares under rights issue	309,292	—
Principal element of lease payments	(5,935)	(2,765)
Interest paid	(44,460)	(55,298)
Interest on lease liabilities	(3,347)	(3,717)
NET CASH GENERATED FROM FINANCING ACTIVITIES	100,573	29,904
NET INCREASE IN CASH AND CASH EQUIVALENTS	277,827	1,721
Effect of foreign exchange rate changes	23,389	10,839
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	589,050	576,490
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	890,266	589,050
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	890,266	589,050

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION

China Medical & HealthCare Group Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The intermediate holding company is Tian An China Investments Company Limited ("TACI", incorporated in Hong Kong and listed on the Stock Exchange). The ultimate holding company is Allied Group Limited ("AGL", incorporated in Hong Kong and listed on the Stock Exchange). The ultimate controlling party of the Company is the trustees of Lee & Lee Trust. TACI, AGL and trustees of Lee & Lee Trust have become the Company's intermediate holding company, ultimate holding company and ultimate controlling party respectively since 5 October 2023. The addresses of the registered office and principal place of business of the Company are disclosed on page 2 of this annual report.

The Company is an investment holding company. The activities of its principal subsidiaries are set out in Note 45 to the consolidated financial statements.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for investment properties, leasehold land and buildings, certain financial instruments, which are measured at fair values as explained in the accounting policies set out below.

(c) Functional and presentation currencies

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

3. ADOPTION OF NEW AND REVISED HKFRSs

(a) Application of revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are effective for the annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

Except for the impact of the adoption of the revised HKFRSs that have been summarised below, the other revised HKFRSs has no material impact on the Group's accounting policies.

Amendment to HKAS 1 and HKFRS Practice Statement 2 — Disclosure of Accounting Policies

The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose "significant accounting policies" with "material accounting policy information". The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered as material and therefore requiring disclosure.

These amendments have no effect on the measurement or presentation of any items in the consolidated financial statements of the Group but affect the disclosure of accounting policies of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

3. ADOPTION OF NEW AND REVISED HKFRSs (CONTINUED)

(b) New guidance on accounting for the MPF-LSP offsetting mechanism in Hong Kong issued by HKICPA

In June 2022, Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") was enacted. The Amendment Ordinance abolishes the use of the accrued benefits derived from employers' mandatory contributions under the mandatory provident fund ("MPF") scheme to offset severance payment ("SP") and long service payments ("LSP") (the "Abolition"). Subsequently, the Government of HKSAR announced that the Abolition will take effect on 1 May 2025 (the "Transition Date").

The following key changes will take effect since the Transition Date:

— Accrued benefits derived from employers' mandatory MPF contributions cannot be used to offset the LSP/SP in respect of the employment period after the Transition Date.

— The pre-transition LSP/SP is calculated using the last month's salary immediately preceding the Transition Date, instead of using the last month's salary of employment termination date.

Due to the complexities of the accounting for the offsetting of accrued benefits derived from an employer's mandatory MPF contributions and its LSP obligation and the accounting for the offsetting mechanism could become material in light of the Abolition, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" (the "Guidance") in July 2023 to provide guidance to account for the offsetting mechanism and the Abolition. The HKICPA concluded that there are two acceptable accounting approaches for the offsetting mechanism, being:

— Approach 1: Account for the amount expected to be offset as a deemed employee contribution towards that employee's LSP benefits in terms of HKAS 19.93(a); or

— Approach 2: Account for the employer MPF contributions and the offsetting mechanism as a funding mechanism for the LSP obligation.

For the years ended 31 December 2023 and 2022, the Group's LSP liability before the expected offsetting under the MPF-LSP offsetting mechanism is immaterial. Application of the Guidance had no material effect on the consolidated financial statements of the Group.

3. ADOPTION OF NEW AND REVISED HKFRSs (CONTINUED)

(c) Revised HKFRSs in issue but not yet effective

The Group has not applied any new standard, amendments to standards and interpretation that have been issued but are not yet effective for the financial year beginning on 1 January 2023. These amendments to standards and interpretation include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 — Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 — Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16 — Lease Liability in a Sales and Leaseback	1 January 2024
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 7 and HKFRS 7 — Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21 — Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

4. MATERIAL ACCOUNTING POLICY INFORMATION

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5 to the consolidated financial statements.

The material accounting policy information applied in the preparation of these consolidated financial statements are set out below.

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: (i) power over the investee, (ii) exposure, or has rights, to variable returns from the investee, and (iii) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, interests in subsidiaries are stated at cost less accumulated impairment losses, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

(c) Foreign currency translation

(i) Transactions and balances in each entity's financial statements

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the entity initially recognises such non-monetary assets or liabilities. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(c) Foreign currency translation (Continued)

(i) Transactions and balances in each entity's financial statements (Continued)

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(ii) Translation on consolidation

The results and financial position of all foreign operations (none of which has the currency of hyperinflationary economy) that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

— Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

— Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

— All resulting exchange differences are recognised in other comprehensive income and accumulated in the translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(d) Property, plant and equipment

Leasehold land and buildings, including leasehold land and buildings in Hong Kong, hospital buildings in the People's Republic of China, except Hong Kong (the "PRC") and other buildings in the PRC, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less accumulated depreciation. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such leasehold land and buildings is recognised in other comprehensive income and accumulated in properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such leasehold land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation of revalued leasehold land and buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to accumulated losses.

Other property, plant and equipment, other than construction-in-progress, are stated at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(d) Property, plant and equipment (Continued)

Property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives/principal annual rates are as follows:

Leasehold land and buildings	Over the shorter of the lease terms, and 30–50 years
Computer, medical and electronic equipment	10–20%
Furniture and fixtures	20%
Office equipment	20%
Motor vehicles	20%–50%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress represents buildings under construction and plant and equipment pending installation, and is stated at cost less accumulated impairment losses. Depreciation begins when the relevant assets are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(e) Investment properties

Investment property is property held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time.

An investment property is derecognised upon disposal or when the investment property is withdrawn from use. Any gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss. Rental income from investment properties is accounted for as described in Note 4(j) to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Leases

The Group as a lessee

All leases are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases. The Group has elected not to recognise right-of-use assets and lease liabilities for leases for which at the commencement date have a lease term of less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset is initially recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use assets at cost, less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liability. Right-of-use assets are depreciated on a straight-line basis over the lease terms.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The Group as a lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

(g) Properties under development for sale and properties held for sale

Properties under development for sale and properties held for sale are stated at the lower of cost and net realisable value. Costs include the acquisition cost of interest in leasehold land, construction costs, borrowing costs capitalised and other direct costs attributable to such properties. When development is completed, borrowing costs and other holding charges are expensed as incurred. Net realisable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

On completion, the properties under development for sale are reclassified to properties held for sale at the then carrying amount.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(h) Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

FVTPL: Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Equity instruments

For the equity instruments are held for trading and classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(h) Financial instruments (Continued)

(ii) Impairment loss on financial assets

The Group recognises loss allowances for ECL on trade receivables and other financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 "Financial Instruments" simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

— significant deterioration in external market indicators of credit risk for a particular financial instrument;

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(h) Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

Significant increase in credit risk (Continued)

— existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

— an actual or expected significant deterioration in the operating results of the debtor;

— significant increases in credit risk on other financial instruments of the same debtor; and

— an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) The financial instrument has a low risk of default;

(ii) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "low risk". Low risk means that the counterparty has a low risk of default and does not have any past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(h) Financial instruments (Continued)

(ii) Impairment loss of financial assets (Continued)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

— when there is a breach of financial covenants by the counterparty; or

— information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

— significant financial difficulty of the issuer or the counterparty;

— a breach of contract, such as a default or past due event;

— the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;

— it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or

— the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(h) Financial instruments (Continued)

(ii) Impairment loss of financial assets (Continued)

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, ECLs are estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(h) Financial instruments (Continued)

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligations specified in the relevant contract are discharged, cancelled or have expired.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL.

(j) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added taxes or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(j) Revenue recognition (Continued)

Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method.

For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

For revenue from healthcare services, except for the revenue from the provision of beds for inpatient admissions, the revenue of healthcare services is recognised at a point in time, i.e. when the services are provided. For the revenue from the provision of beds for inpatient admissions, for which the control of the services is transferred when the Group had provided the related services over time, revenue is recognised when the patients simultaneously receive and consume the benefits provided by services over time.

For revenue from certain eldercare related services, for which the control of the services is transferred when the Group had provided the related services over the time, revenue is recognised when the customers simultaneously receive and consume the benefits provided by the eldercare related services over time. For revenue from remaining eldercare related services is recognised at a point in time, i.e. when the services are provided.

Revenue from sales of pharmaceutical and nutritions is recognised at the point when the control of the products has transferred, being at the point the customer receives the pharmaceutical and nutritions. Payment of the transaction price is due immediately at the point the customer receives the pharmaceutical and nutritions.

Revenue from sales of completed properties is recognised at a point in time when the underlying property is transferred to the customer. Deposits and instalments received on properties sold prior to the date of revenue recognition are contract liabilities and included in the consolidated statement of financial position as "Deposits received on sales of properties".

Interest income from a financial asset is accrued on a time basis using the effective interest method, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on the initial recognition.

Dividend income is recognised when the shareholders' rights to receive payment are established.

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

Contract liabilities

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(k) Employee benefits

(i) Retirement benefits scheme

The Group operates a number of defined contribution retirement schemes in Hong Kong. Contributions are made based on certain percentages of the employee's basic salaries.

The employees of the Group's subsidiaries established in the PRC are members of a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme is to meet the required contributions under the scheme.

The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(ii) Short-term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of reporting period.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

(l) Government subsidies

Government subsidies are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government subsidies that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(m) Taxation

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill not deductible for tax purposes and initial recognition of assets and liabilities that are not part of the business combination which affect neither accounting nor taxable profits, taxable temporary differences arising on investments in subsidiaries, associates and joint ventures where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised, provided that the deductible temporary differences are not arises from initial recognition of assets and liabilities in a transaction other than in a business combination that affects neither taxable profit nor the accounting profit. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period, and reflects any uncertainty related to income taxes.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured based on the expected manner as to how the properties will be recovered.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(m) Taxation (Continued)

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

(n) Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;

— right-of-use assets;

— goodwill; and

— interests in subsidiaries and associates.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash-generating units ("CGU"), discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

In applying the Group's accounting policies, which are described in Note 4 to the consolidated financial statements, the directors of the Company are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors of the Company have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) Deferred tax for investment properties

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in the opinion of directors, all of the Group's investment properties which are depreciable are held within this business model. Accordingly, deferred taxation in relation to the Group's investment properties has been measured based on the tax consequences of recovering the carrying amounts entirely through use.

(b) Significant increase in credit risk

As explained in Note 4 to the consolidated financial statements, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONTINUED)

Key sources of estimation uncertainty (Continued)

(a) *Income taxes*

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. During the year, HK$14,912,000 (2022: HK$1,976,000) of income tax was charged to profit or loss based on the estimated profit from operations.

(b) *Fair values of investment properties and leasehold land and buildings*

The Group appointed an independent qualified professional valuer to assess the fair values of the investment properties and leasehold land and buildings (including leasehold land and buildings in Hong Kong, hospital buildings and other buildings in the PRC). In determining the fair values, the independent qualified professional valuer has utilised valuation approaches which involve certain estimates. Management of the Group has exercised its judgement and is satisfied that the valuation approaches and inputs used are reflective of the current market conditions.

As at 31 December 2023, the carrying amounts of investment properties and leasehold land and buildings were HK$545,920,000 (2022: HK$557,089,000) and HK$1,061,589,000 (2022: HK$1,085,312,000) respectively.

Notes 16 and 17 to the consolidated financial statements provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair values of the investment properties and leasehold land and buildings respectively.

(c) *Impairment assessment of loan receivable*

The Group performs impairment assessment under ECL model on the loan receivable. The Group has a policy for assessing the impairment on loan receivable on an individual basis. The assessment includes evaluation of collectability and aging analysis of the loan receivable and on management's judgement on creditworthiness, collaterals and past collection history of each borrower. In determining the recoverability of the loan receivable, the Group will consider the change in the credit quality of the loan receivable, if any, from the date the loan was initially granted up to the reporting date. This includes assessing the credit history of the borrower, such as past experience of financial difficulties or default in payments, and current market conditions. The provision of ECL is sensitive to changes in estimates, management of the Group has exercised judgement and made such estimation and is satisfied that the estimations are reflective of the current market and the loan receivable's specific conditions.

As at 31 December 2023, the carrying amount of loan receivable was HK$Nil (net of allowance for loan receivable of HK$95,215,000) (2022: HK$Nil (net of allowance for loan receivable of HK$95,215,000)). Details of the Group's loan receivable and its provision of ECL are disclosed in Notes 26 and 42(c)(iii) to the consolidated financial statements respectively.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONTINUED)

Key sources of estimation uncertainty (Continued)

(d) Impairment assessment of property, plant and equipment and right-of-use assets

Except for leasehold land and buildings, property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and accumulated impairment losses, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (i) whether an event has occurred or any indicators that may affect the asset value; (ii) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (iii) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of CGU to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 December 2023, the carrying amounts of property, plant and equipment and right-of-use assets that are stated at costs less accumulated depreciation and accumulated impairment losses, if any, were HK$502,997,000 (2022: HK$395,628,000) and HK$120,572,000 (2022: HK$130,156,000) respectively.

(e) Impairment assessment of trade receivables

Management of the Group estimates the amount of impairment loss for ECL on trade receivables based on the credit risk of trade receivables. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 December 2023, the carrying amount of trade receivables is HK$83,486,000 (net of allowance for credit losses of HK$9,495,000) (2022: HK$72,136,000 (net of allowance for credit losses of HK$5,867,000)).

(f) Provision for properties under development for sale and properties held for sale

The Group performs regular reviews on the estimated net realisable values of the properties under development for sale and properties held for sale in order to assess if, when the estimated net realisable values declining below the corresponding carrying amounts, any provision for properties under development for sale and properties held for sale is required. Management of the Group has taken into account of the prevailing market conditions and internally available information and exercised considerable judgements in making these estimates.

Provision for properties under development for sale of HK$4,342,000 (2022: HK$5,000,000) and properties held for sale of HK$3,758,000 (2022: HK$6,856,000) were made for the year ended 31 December 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

6. REVENUE

	2023 HK$'000	2022 HK$'000
Revenue from contracts with customers		
Hospital fees and charges	**1,521,859**	1,382,134
Eldercare related services and sales of nutritions	**36,178**	36,194
Sales of properties	**3,151**	11,961
	1,561,188	1,430,289
Revenue from other sources		
Rental income	**7,636**	7,552
Dividend income from listed investments	**—**	22
	7,636	7,574
	1,568,824	1,437,863

(a) Disaggregation of revenue from contracts with customers

For the year ended 31 December 2023

Segments	Healthcare HK$'000	Eldercare HK$'000	Property development HK$'000	Total HK$'000
Types of goods or services				
Hospital fees and charges				
— Inpatient healthcare services	543,533	—	—	543,533
— Outpatient healthcare services	448,295	—	—	448,295
— Other healthcare services	27,517	—	—	27,517
— Physical examination services	101,226	—	—	101,226
— Sales of pharmaceutical	401,288	—	—	401,288
Eldercare related services	—	28,643	—	28,643
Sales of nutritions	—	7,535	—	7,535
Sales of properties	—	3,026	125	3,151
Total	1,521,859	39,204	125	1,561,188
Timing of revenue recognition				
At a point in time	1,492,567	20,987	125	1,513,679
Over time	29,292	18,217	—	47,509
Total	1,521,859	39,204	125	1,561,188

6. REVENUE (CONTINUED)

(a) Disaggregation of revenue from contracts with customers (Continued)

For the year ended 31 December 2022

Segments	Healthcare HK$'000	Eldercare HK$'000	Property development HK$'000	Total HK$'000
Types of goods or services				
Hospital fees and charges				
— Inpatient healthcare services	491,787	—	—	491,787
— Outpatient healthcare services	439,932	—	—	439,932
— Other healthcare services	17,904	—	—	17,904
— Physical examination services	114,163	—	—	114,163
— Sales of pharmaceutical	318,348	—	—	318,348
Eldercare related services	—	28,311	—	28,311
Sales of nutritions	—	7,883	—	7,883
Sales of properties	—	11,229	732	11,961
Total	1,382,134	47,423	732	1,430,289
Timing of revenue recognition				
At a point in time	1,354,334	29,701	732	1,384,767
Over time	27,800	17,722	—	45,522
Total	1,382,134	47,423	732	1,430,289

All the revenue from contracts with customers are derived from the PRC.

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

For the year ended 31 December 2023

	Healthcare HK$'000	**Eldercare HK$'000**	**Property development HK$'000**
Revenue disclosed in segment information	**1,521,859**	**41,716**	**125**
Less: Rental income	**—**	**(2,512)**	**—**
Revenue from contracts with customers	**1,521,859**	**39,204**	**125**

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FOR THE YEAR ENDED 31 DECEMBER 2023

6. REVENUE (CONTINUED)

(a) Disaggregation of revenue from contracts with customers (Continued)

For the year ended 31 December 2022

	Healthcare HK$'000	Eldercare HK$'000	Property development HK$'000
Revenue disclosed in segment information	1,382,134	49,787	732
Less: Rental income	—	(2,364)	—
Revenue from contracts with customers	1,382,134	47,423	732

(b) Transaction price allocated to the remaining performance obligation for contracts with customers

All the Group's contracts with customers in relation to healthcare services, eldercare related services, sales of pharmaceutical and nutritions and property development had an original expected duration of one year or less. The Group has applied the practical expedient in paragraph 121 of HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

7. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports according to the types of goods or services delivered and provided, and are regularly reviewed by the chief operating decision-maker (the "CODM") to allocate resources to the segments and to assess their performance.

The CODM which is responsible for allocating resources and assessing performance of the operating segments has been defined as the executive directors of the Company.

During the year ended 31 December 2023, the CODM has identified the following six operating and reportable segments under HKFRS 8 Operating Segments. No operating segments have been aggregated to form the following reportable segments.

Healthcare — operations of hospitals in the PRC.

Eldercare — property development of independent living units and project management of health campus in the PRC with focus on eldercare and retirement community, which consist of an elderly nursing home, service apartments, independent living units and a commercial area comprising a shopping mall, retail shops and club hall facilities.

Property development — developing and selling of properties and land in the PRC.

Property investment — leasing of residential and office properties.

Financial services — provision of loan financial services.

Securities trading and investments — trading of securities in Hong Kong and overseas markets.

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in Note 4 to the consolidated financial statements.

7. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments:

For the year ended 31 December 2023

	Healthcare HK$'000	Eldercare HK$'000	Property development HK$'000	Property investment HK$'000	Financial services HK$'000	Securities trading and investments HK$'000	Consolidated HK$'000
Gross proceeds from sales of investments held for trading	—	—	—	—	—	3,481	3,481
Revenue	1,521,859	41,716	125	5,124	—	—	1,568,824
Segment profit/(loss)	85,839	(46,684)	(2,065)	4,481	(2,189)	(2,009)	37,373
Unallocated:							
Other gains and losses, and other income							23,103
Net foreign exchange loss							(694)
Central corporate expenses							(24,341)
Finance costs							(37)
Profit before taxation							35,404

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

7. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

For the year ended 31 December 2022

	Healthcare HK$'000	Eldercare HK$'000	Property development HK$'000	Property investment HK$'000	Financial services HK$'000	Securities trading and investments HK$'000	Consolidated HK$'000
Gross proceeds from sales of investments held for trading	—	—	—	—	—	—	—
Revenue	1,382,134	49,787	732	5,188	—	22	1,437,863
Segment profit/(loss)	12,828	(51,169)	(24,329)	(9,397)	(5,202)	(2,594)	(79,863)
Unallocated:							
Other gains and losses, and other income							3,100
Net foreign exchange loss							(15,653)
Central corporate expenses							(24,638)
Finance costs							(115)
Loss before taxation							(117,169)

All of the segment revenue reported above is generated from external customers.

Segment profit/(loss) represents the profit earned/losses incurred by each segment without allocation of certain other gains and losses, and other income, certain net foreign exchange loss, central corporate expenses and certain finance costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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7. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segments:

As at 31 December 2023

	Healthcare HK$'000	Eldercare HK$'000	Property development HK$'000	Property investment HK$'000	Financial services HK$'000	Securities trading and investments HK$'000	Consolidated HK$'000
Segment assets	**1,809,083**	**807,315**	**47,346**	**230,040**	**133**	**6,922**	**2,900,839**
Corporate assets							**716,556**
Consolidated assets							**3,617,395**
Segment liabilities	**1,031,342**	**617,222**	**47,535**	**2,160**	**1,867**	**—**	**1,700,126**
Corporate liabilities							**6,926**
Consolidated liabilities							**1,707,052**

As at 31 December 2022

	Healthcare HK$'000	Eldercare HK$'000	Property development HK$'000	Property investment HK$'000	Financial services HK$'000	Securities trading and investments HK$'000	Consolidated HK$'000
Segment assets	1,701,908	824,081	61,679	229,372	—	12,442	2,829,482
Corporate assets							403,052
Consolidated assets							3,232,534
Segment liabilities	1,066,176	539,350	35,513	2,142	2,477	—	1,645,658
Corporate liabilities							8,017
Consolidated liabilities							1,653,675

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

7. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (Continued)

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating and reportable segments other than certain property, plant and equipment, certain right-of-use assets, financial assets at FVTPL, certain deposits, prepayments and other receivables and certain bank balances and cash.

- all liabilities are allocated to operating and reportable segments other than certain deposits, receipts in advance and accrued charges and certain lease liabilities.

Other segment information

For the year ended 31 December 2023

	Healthcare HK$'000	Eldercare HK$'000	Property development HK$'000	Property investment HK$'000	Financial services HK$'000	Securities trading and investments HK$'000	Unallocated HK$'000	Total HK$'000
Amounts (credited)/charged included in the measure of segment results or segment assets								
Interest income	(1,355)	(8)	–	(2)	–	–	(23,101)	(24,466)
Finance costs	30,846	16,919	–	5	–	–	37	47,807
Income tax expense	13,246	1,284	–	382	–	–	–	14,912
Depreciation of property, plant and equipment	78,588	9,586	–	–	–	–	920	89,094
Depreciation of right-of-use assets	6,822	–	–	–	–	–	2,302	9,124
Additions to prepayments for acquisition of property, plant and equipment	11,748	–	–	–	–	–	–	11,748
Additions to property, plant and equipment	201,256	262	–	–	–	–	390	201,908
Gain/(loss) on fair value of investment properties	–	4,533	–	(1,009)	–	–	–	3,524
Loss on fair value of investments held for trading	–	–	–	–	–	1,984	–	1,984
Impairment loss under ECL model	3,494	283	–	–	–	–	–	3,777
Fair value gain on financial assets at FVTPL	–	–	–	–	–	–	(1,349)	(1,349)
Provision for properties under development for sale	–	2,998	1,344	–	–	–	–	4,342
Provision for properties held for sale	–	3,089	669	–	–	–	–	3,758
Written off of property, plant and equipment	1,397	–	–	–	–	–	–	1,397
Net foreign exchange loss/(gain)	1,597	–	–	(279)	–	–	(694)	624

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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7. SEGMENT INFORMATION (CONTINUED)

Other segment information (Continued)

For the year ended 31 December 2022

	Healthcare HK$'000	Eldercare HK$'000	Property development HK$'000	Property investment HK$'000	Financial services HK$'000	Securities trading and investments HK$'000	Unallocated HK$'000	Total HK$'000
Amounts (credited)/charged included in the measure of segment results or segment assets								
Interest income	(1,074)	(41)	(14)	–	–	(153)	(2,676)	(3,958)
Finance costs	39,722	19,173	–	5	–	–	115	59,015
Income tax expense	1,369	607	–	–	–	–	–	1,976
Depreciation of property, plant and equipment	83,332	10,059	–	887	–	–	12	94,290
Depreciation of right-of-use assets	7,892	–	–	–	–	–	2,511	10,403
Additions to prepayments for acquisition of property, plant and equipment	31,153	–	–	–	–	–	–	31,153
Additions to property, plant and equipment	102,226	4,585	–	–	–	–	3	106,814
Gain on fair value of investment properties	–	11,318	–	12,628	–	–	–	23,946
Loss on fair value of investments held for trading	–	–	–	–	–	2,702	–	2,702
Impairment loss under ECL model	34,493	218	–	–	–	–	–	34,711
Provision for properties under development for sale	–	–	5,000	–	–	–	–	5,000
Provision for properties held for sale	–	5,694	1,162	–	–	–	–	6,856
Written off of property, plant and equipment	1,821	7	10,296	–	–	–	–	12,124
Net foreign exchange (gain)/loss	–	–	–	–	–	(1)	15,653	15,652
Net loss on disposal of property, plant and equipment	470	–	–	–	–	–	–	470

Information about major customers

None of the customers has individually contributed to 10% or more of the total revenue of the Group for the years ended 31 December 2023 and 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

7. SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group's securities trading and investments and financial services are mainly carried out in Hong Kong. The Group's operation in property investment is carried out in Hong Kong and the PRC. The Group's operations in property development, healthcare and eldercare are located in the PRC.

The Group's revenue from external customers and information about its non-current assets by geographical location of the customers and assets (where the investment properties, property, plant and equipment, right-of-use assets and prepayments for acquisition for property, plant and equipment are located) respectively are detailed below:

	Revenue from external customers For the year ended		Non-current assets (Note) As at 31 December	
	2023 HK$'000	2022 HK$'000	**2023 HK$'000**	2022 HK$'000
The PRC	**1,563,700**	1,432,653	**2,025,304**	1,972,184
Hong Kong	**5,124**	5,210	**229,172**	226,115
	1,568,824	1,437,863	**2,254,476**	2,198,299

Note: Non-current assets excluded financial instruments.

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8. OTHER GAINS AND LOSSES, AND OTHER INCOME

	2023 HK$'000	2022 HK$'000
Loss on fair value of investments held for trading	**(1,984)**	(2,702)
Loss on fair value of investment properties	**(3,524)**	(23,946)
Net foreign exchange loss	**(624)**	(15,652)
Impairment loss under ECL model	**(3,777)**	(34,711)
Fair value gain on financial assets at FVTPL	**1,349**	—
Net loss on disposal of property, plant and equipment	**—**	(470)
Provision for properties under development for sale	**(4,342)**	(5,000)
Provision for properties held for sale	**(3,758)**	(6,856)
Government subsidies (Note)	**10,125**	5,521
Interest income from:		
— Debt instruments at FVTOCI	**—**	152
— Bank deposits	**24,466**	3,806
Sale of vision-aid products	**4,931**	5,326
Clinical training services	**4,812**	4,058
Subcontracting income from car parking spaces and canteen	**432**	653
Rental income from shopping and other areas of the hospitals	**1,640**	1,413
Forfeiture of customers' deposits and claims from suppliers	**1,194**	22
Other sundry income	**2,809**	3,926
	33,749	(64,460)

Note: For the year ended 31 December 2023, the government subsidies mainly represent the subsidies on costs incurred for operation of hospitals in the PRC with no special and unfulfilled conditions attached.

For the year ended 31 December 2022, the government subsidies mainly represent the government grants in respect of COVID-19 related subsidies for the operation of Hong Kong office and subsidies on costs incurred for operation of hospitals in the PRC with no special and unfulfilled conditions attached.

9. FINANCE COSTS

The finance costs represent interest as follows:

	2023 HK$'000	2022 HK$'000
Interest on:		
Bank and other borrowings	**44,460**	55,298
Lease liabilities	**3,347**	3,717
	47,807	59,015

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

10. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The emoluments paid to or received by each of the directors and the chief executive whether of the Company or its subsidiary undertaking are as follows:

	For the year ended 31 December 2023			
Name of directors	Directors' fees HK$'000	Salaries and other benefits HK$'000	Retirement benefits scheme contributions HK$'000	Total emoluments HK$'000
Executive directors (Note (a))				
Ms. Chong Sok Un (Note (d))	—	347	15	362
Mr. Kong Muk Yin	—	2,050	18	2,068
Mr. Guo Meibao	—	1,444	153	1,597
Mr. Zhou Haiying (Note (f))	—	—	—	—
Non-executive directors (Note (b))				
Mr. Lai Hin Wing Henry Stephen (Note (h))	117	—	—	117
Mr. Gao Zhaoyuan	150	—	—	150
Mr. Lee Seng Hui (Note (j))	34	—	—	34
Mr. Mark Wong Tai Chun (Note (k))	34	—	—	34
Independent non-executive directors (Note (c))				
Mr. Zhang Jian	150	—	—	150
Dr. Xia Xiaoning	150	—	—	150
Dr. Wong Wing Kuen, Albert	180	—	—	180
Ms. Yang Lai Sum, Lisa	150	—	—	150
	965	3,841	186	4,992

10. BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' emoluments (Continued)

	For the year ended 31 December 2022			
Name of directors	Directors' fees HK$'000	Salaries and other benefits HK$'000	Retirement benefits scheme contributions HK$'000	Total emoluments HK$'000
Executive directors (Note (a))				
Ms. Chong Sok Un	—	455	18	473
Mr. Kong Muk Yin (Note (e))	—	355	3	358
Mr. Guo Meibao	—	1,465	150	1,615
Mr. Zhou Haiying (Note (f))	—	—	—	—
Non-executive directors (Note (b))				
Mr. Zheng Zhen (Note (g))	37	—	—	37
Mr. Lai Hin Wing Henry Stephen	150	—	—	150
Mr. Gao Zhaoyuan (Note (i))	27	—	—	27
Independent non-executive directors (Note (c))				
Mr. Zhang Jian	150	—	—	150
Dr. Xia Xiaoning	150	—	—	150
Dr. Wong Wing Kuen, Albert	180	—	—	180
Ms. Yang Lai Sum, Lisa	150	—	—	150
	844	2,275	171	3,290

Notes:

(a) The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

(b) The non-executive directors' emoluments shown above were mainly for the service as directors of the Company.

(c) The independent non-executive directors' emoluments shown above were mainly for their service as directors of the Company.

(d) Ms. Chong Sok Un resigned as executive director on 5 October 2023.

(e) Mr. Kong Muk Yin was re-appointed on 27 October 2022.

(f) Under the service agreements for Mr. Zhou Haiying, he will not receive the director's remuneration.

(g) Mr. Zheng Zhen resigned as non-executive director on 27 October 2022.

(h) Mr. Lai Hin Wing Henry Stephen resigned as non-executive director on 10 October 2023.

(i) Mr. Gao Zhaoyuan was appointed as non-executive director and the chairman of the board of directors on 27 October 2022.

(j) Mr. Lee Seng Hui was appointed as non-executive director on 10 October 2023.

(k) Mr. Mark Wong Tai Chun was appointed as non-executive director on 10 October 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

10. BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' emoluments (Continued)

Ms. Chong Sok Un, Mr. Guo Meibao and Mr. Kong Muk Yin are also the chief executives of the Company and their emoluments disclosed above include those for services rendered by them as the chief executives during the years.

Neither the chief executives nor any of the directors of the Company waived any emoluments during the years ended 31 December 2023 and 2022.

(b) Directors' material interests in transactions, arrangements or contracts

Except as disclosed in Note 40 to the consolidated financial statements, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

11. FIVE HIGHEST PAID INDIVIDUALS

During the year, the five highest paid individuals in the Group included two (2022: one) directors of the Company, details of whose emoluments are set out in Note 10 to the consolidated financial statements. The emoluments for the remaining three (2022: four) highest paid individuals are as follows:

	2023 **HK$'000**	2022 HK$'000
Salaries and other benefits	**6,618**	4,656
Discretionary bonus	**637**	518
Retirement benefits scheme contributions	**598**	560
	7,853	5,734

The emoluments fell within the following bands:

	Number of individuals	
	2023	2022
Nil to HK$1,000,000	**—**	2
HK$1,000,001 to HK$1,500,000	**1**	2
HK$1,500,001 to HK$2,000,000	**2**	—

12. INCOME TAX EXPENSE

Income tax has been recognised in profit or loss as follows:

	2023 HK$'000	2022 HK$'000
Current tax		
Corporate income tax ("CIT") in the PRC	**14,136**	916
Land appreciation tax ("LAT") in the PRC	**151**	547
Under-provision in prior years	**790**	—
	15,077	1,463
Deferred tax (Note 33)		
Origination and reversal of temporary differences	**(165)**	513
	14,912	1,976

The Company's subsidiaries in the PRC are subject to CIT rate at 25%. The tax charge in respect of the current year represents CIT in the PRC which is calculated at the prevailing tax rate on the taxable income of the subsidiaries in the PRC.

According to the PRC CIT law, withholding income tax at a rate of 10% would be imposed on dividends relating to profits earned from year 2008 onwards to foreign investors for the companies established in the PRC. Such dividend tax rate may be further reduced by applicable tax treaties or arrangement. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, the withholding tax rate on dividends paid by a PRC resident enterprise to a Hong Kong resident enterprise is further reduced to 5% if the Hong Kong resident enterprise holds at least 25% equity interests in the PRC resident enterprise.

Under the Provisional Regulations on LAT implemented upon the issuance of the Provisional Regulations of the PRC on 27 January 1995, all gains arising from transfer of real estate property in the PRC effective from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including borrowings costs and all property development expenditures.

Under the Two-tiered Profits Tax Rates Regime, the first HK$2,000,000 of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the Two-tiered Profits Tax Rates Regime will continue to be taxed at a rate of 16.5%.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements since the group entities have either sufficient tax losses brought forward to set off against current year's assessable profits or no assessable profits arising in Hong Kong.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

12. INCOME TAX EXPENSE (CONTINUED)

The taxation for the year can be reconciled to the profit/(loss) before taxation per the consolidated statement of profit or loss as follows:

	2023 HK$'000	2022 HK$'000
Profit/(loss) before taxation	**35,404**	(117,169)
Tax at the domestic income tax rate of 16.5%	**5,842**	(19,333)
Tax effect of expenses that are not deductible	**7,048**	32,092
Tax effect of income that is not taxable	**(5,466)**	(24,915)
Tax effect of utilisation of tax losses not previously recognised	**(20,675)**	(1,933)
Tax effect of tax losses not recognised	**23,206**	20,415
LAT	**151**	547
Tax effect of LAT	**(38)**	(137)
Over-provision in prior years	**790**	—
Effect of different tax rates of subsidiaries	**4,054**	(4,760)
Income tax expense	**14,912**	1,976

13. PROFIT/(LOSS) FOR THE YEAR

Profit/(loss) for the year is stated after charging the following:

	2023 HK$'000	2022 HK$'000
Auditor's remuneration	**1,925**	2,413
Depreciation of property, plant and equipment	**89,094**	94,290
Written off of property, plant and equipment	**1,397**	12,124
Depreciation of right-of-use assets	**9,124**	10,403
Employee benefits expense, inclusive of directors' emoluments	**564,219**	518,443
Direct operating expenses of investment properties that generated rental income	**216**	823
Direct operating expenses of investment properties that did not generate rental income	**481**	305
Cost of inventories sold and properties held for sale recognised as an expense (included in cost of goods and services)	**636,623**	547,542

14. DIVIDENDS

Dividends attributable to the year:

	2023 HK$'000	2022 HK$'000
Final dividend proposed of HK1 cent (2022: Nil) per ordinary share	**10,860**	—

The final dividend proposed after the reporting date for the year ended 31 December 2023 is subject to shareholders' approval at the forthcoming annual general meeting and has not been recognised as a liability as at 31 December 2023.

15. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the profit/(loss) for the year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year:

	2023 HK$'000	2022 HK$'000
Profit/(loss)		
Profit/(loss) for the purpose of calculating basic earnings/(loss) per share for the year attributable to owners of the Company	**11,295**	(123,574)

	2023	2022 (Restated)
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic earnings/(loss) per share	**923,826,274**	729,406,650

The calculation of the basic earnings per share was based on the profit/(loss) for the year attributable to owners of the Company of HK$11,295,000 (2022: loss of HK$123,574,000), and the weighted average number of 923,826,274 ordinary shares (2022 (restated): 729,406,650 ordinary shares) which has been adjusted to reflect the effect of the bonus element of the rights issue in June 2023 on the basis of one rights share for every two issued shares of the Company.

No diluted earnings/(loss) per share has been presented as there were no potential dilutive shares outstanding for the years ended 31 December 2023 and 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

16. INVESTMENT PROPERTIES

	Completed investment properties HK$'000	Investment properties under construction HK$'000	Total HK$'000
Fair value			
As at 1 January 2022	649,914	156,531	806,445
Transfer to properties under development for sale (Note 23)	(37,244)	(148,740)	(185,984)
Decrease in fair value recognised in profit or loss	(23,946)	—	(23,946)
Exchange differences	(31,635)	(7,791)	(39,426)
As at 31 December 2022 and 1 January 2023	557,089	—	557,089
Decrease in fair value recognised in profit or loss	(3,524)	—	(3,524)
Exchange differences	(7,645)	—	(7,645)
As at 31 December 2023	**545,920**	**—**	**545,920**

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

During the year ended 31 December 2022, investment properties with a carrying amount of HK$185,984,000 were transferred to properties under development for sale upon the change in use.

Details of pledged investment properties are set out in Note 37 to the consolidated financial statements.

Valuation processes

The Group measures its investment properties at fair value as at 31 December 2023 and 2022. The investment properties were revalued by Norton Appraisals Holdings Limited ("Norton Appraisals"), being an independent qualified professional valuer not related to the Group.

The Group's management is responsible for the review of the valuations performed by Norton Appraisals for financial reporting purposes and reports directly to the Board of Directors of the Company. Discussions of valuation processes and results are held between management of the Group and Norton Appraisals at least once a year, in line with the Group's annual reporting date.

At each financial year end, management of the Group:

- Verifies all major inputs to the independent valuation reports
- Assesses property valuation movements when compared to the prior year valuation reports
- Holds discussions with Norton Appraisals

16. INVESTMENT PROPERTIES (CONTINUED)

Valuation techniques

The fair values of investment properties were derived from:

(i) investment approach, the market value of these properties are the aggregate of its term value, which is calculated by capitalised the existing rent for its unexpired term of the contractual tenancy and its reversionary value, which derives from the capitalised current market rent arise from lease renewal or new letting or from the disposal based on the current market price; or

(ii) direct comparison approach, assuming these properties are capable of being sold in their existing states and on a strata-titled basis with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant markets.

All of the fair value measurements of the Group's investment properties were categorised into Level 3 of the fair value hierarchy.

There were no transfers into or out of Level 3 during the years.

During the year ended 31 December 2023, a residential property located in the PRC was entered into a tenancy agreement in October 2023. The valuation technique was changed from direct comparison approach to investment approach following the occupancy possession. Except for that, there was no change in the valuation techniques used during the years.

Information about recurring fair value measurements using significant unobservable inputs (Level 3)

The following table shows the valuation techniques used in the determination of fair values for investment properties and key unobservable inputs used in the valuation models:

	Fair value HK$'000	Valuation techniques	Unobservable inputs	Range/weighted average of significant inputs	Effect on fair value for increase of inputs
As at 31 December 2023					
Industrial property units located in Hong Kong	**188,100**	Investment approach	(i) Capitalisation rate (ii) Monthly market rent per square feet	2.70%–3.30% HK$14.99–HK$16.37 per square feet	Decrease Increase
Land in Hong Kong	**15,800**	Direct comparison approach	Market unit rate	HK$230–HK$340 per square feet	Increase
Residential property units located in the PRC	**4,020**	Investment approach	(i) Capitalisation rate (ii) Monthly market rent per square feet	4.63% Renminbi ("RMB") 15–RMB23 per square meter	Decrease Increase
Commercial and residential property units located in the PRC	**338,000**	Investment approach	(i) Capitalisation rate (ii) Monthly market rent per square meter	4.00%–4.25% RMB27–RMB55 per square meter	Decrease Increase
	545,920				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

16. INVESTMENT PROPERTIES (CONTINUED)

Valuation techniques (Continued)

Information about recurring fair value measurements using significant unobservable inputs (Level 3) (Continued)

	Fair value HK$'000	Valuation techniques	Unobservable inputs	Range/weighted average of significant inputs	Effect on fair value for increase of inputs
As at 31 December 2022					
Industrial property units located in Hong Kong	188,500	Investment approach	(i) Capitalisation rate (ii) Monthly market rent per square feet	2.70%–3.30% HK$14–HK$17 per square feet	Decrease Increase
Land in Hong Kong	14,100	Direct comparison approach	Market unit rate	HK$220–HK$300 per square feet	Increase
Residential property units located in the PRC	4,403	Direct comparison approach	Market unit rate	RMB4,000–RMB6,200 per square meter	Increase
Commercial and residential property units located in the PRC	350,086	Investment approach	(i) Capitalisation rate (ii) Monthly market rent per square meter	4.00%–4.50% RMB20–RMB53 per square meter	Decrease Increase
	557,089				

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings in Hong Kong HK$'000	Leasehold improvement HK$'000	Hospital buildings in the PRC HK$'000	Other buildings in the PRC HK$'000	Construction in progress HK$'000	Computer, medical and electronic equipment HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST OR VALUATION										
As at 1 January 2022	22,180	448	840,317	331,012	114,129	439,799	28,014	23,331	4,263	1,803,493
Additions	–	–	–	3,734	47,834	51,410	1,481	2,229	126	106,814
Transfers	–	16,975	14,803	–	(33,533)	1,755	–	–	–	–
Disposals	–	–	–	–	–	(877)	–	(378)	(156)	(1,411)
Written-off	–	–	–	(10,296)	–	(15,316)	(499)	(1,806)	–	(27,917)
Reclassification	–	–	(28,655)	–	–	28,260	395	–	–	–
Revaluation (decrease)/increase	(970)	–	11,576	11,585	–	–	–	–	–	22,191
Exchange differences	–	(566)	(82,847)	(27,127)	(9,717)	(37,879)	(2,028)	(1,902)	(346)	(162,412)
As at 31 December 2022 and 1 January 2023	21,210	16,857	755,194	308,908	118,713	467,152	27,363	21,474	3,887	1,740,758
Additions	–	–	35,138	77	78,568	83,998	3,233	894	–	201,908
Transfer from properties held for sale	–	–	–	3,914	–	–	–	–	–	3,914
Transfers	–	22,994	6,733	–	(30,572)	845	–	–	–	–
Written-off	–	–	–	–	–	(20,212)	(431)	(483)	(325)	(21,451)
Revaluation (decrease)/increase	(340)	–	(57,315)	10,738	–	–	–	–	–	(46,917)
Exchange differences	–	(609)	(15,796)	(6,872)	(3,091)	(10,828)	(545)	(471)	(81)	(38,293)
As at 31 December 2023	**20,870**	**39,242**	**723,954**	**316,765**	**163,618**	**520,955**	**29,620**	**21,414**	**3,481**	**1,839,919**
Comprising:										
At cost – 2023	**–**	**39,242**	**–**	**–**	**163,618**	**520,955**	**29,620**	**21,414**	**3,481**	**778,330**
At valuation – 2023	**20,870**	**–**	**723,954**	**316,765**	**–**	**–**	**–**	**–**	**–**	**1,061,589**
	20,870	**39,242**	**723,954**	**316,765**	**163,618**	**520,955**	**29,620**	**21,414**	**3,481**	**1,839,919**
Comprising:										
At cost – 2022	–	16,857	–	–	118,713	467,152	27,363	21,474	3,887	655,446
At valuation – 2022	21,210	–	755,194	308,908	–	–	–	–	–	1,085,312
	21,210	16,857	755,194	308,908	118,713	467,152	27,363	21,474	3,887	1,740,758

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17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold land and buildings in Hong Kong HK$'000	Leasehold improvement HK$'000	Hospital buildings in the PRC HK$'000	Other buildings in the PRC HK$'000	Construction in progress HK$'000	Computer, medical and electronic equipment HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
ACCUMULATED DEPRECIATION										
As at 1 January 2022	–	448	–	–	–	227,210	18,691	12,495	2,849	261,693
Provided for the year	887	758	44,496	12,574	–	31,963	2,181	1,028	403	94,290
Eliminated on revaluation	(887)	–	(44,496)	(12,574)	–	–	–	–	–	(57,957)
Eliminated on disposal	–	–	–	–	–	(531)	–	(214)	(149)	(894)
Eliminated on written-off	–	–	–	–	–	(13,699)	(471)	(1,623)	–	(15,793)
Exchange differences	–	(25)	–	–	–	(18,984)	(1,280)	(991)	(241)	(21,521)
As at 31 December 2022 and 1 January 2023	–	1,181	–	–	–	225,959	19,121	10,695	2,862	259,818
Provided for the year	907	1,887	32,722	14,135	–	36,142	1,975	943	383	89,094
Eliminated on revaluation	(907)	–	(32,722)	(14,135)	–	–	–	–	–	(47,764)
Eliminated on written-off	–	–	–	–	–	(18,877)	(408)	(460)	(309)	(20,054)
Exchange differences	–	(37)	–	–	–	(5,070)	(353)	(238)	(63)	(5,761)
As at 31 December 2023	**–**	**3,031**	**–**	**–**	**–**	**238,154**	**20,335**	**10,940**	**2,873**	**275,333**
CARRYING AMOUNTS										
As at 31 December 2023	**20,870**	**36,211**	**723,954**	**316,765**	**163,618**	**282,801**	**9,285**	**10,474**	**608**	**1,564,586**
As at 31 December 2022	21,210	15,676	755,194	308,908	118,713	241,193	8,242	10,779	1,025	1,480,940

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The construction in progress represents hospital buildings and elderly nursing home under construction which are situated in the PRC.

A revaluation gain on leasehold land and buildings of HK$847,000 (2022: HK$80,148,000) is recognised in other comprehensive income and has been credited to the properties revaluation reserve.

If the leasehold land and buildings in Hong Kong and hospitals building and other buildings in the PRC had not been revalued, they would have been included in these consolidated financial statements at historical cost less accumulated depreciation and accumulated impairment losses, if any, of HK$429,000 (2022: HK$451,000) and HK$618,774,000 (2022: HK$633,517,000) respectively as at 31 December 2023.

Details of pledged property, plant and equipment are set out in Note 37 to the consolidated financial statements.

During the year ended 31 December 2023, properties held for sale with a carrying amount of HK$3,914,000 were transferred to property, plant and equipment upon the change in use.

Valuation processes

The Group measures its leasehold land and buildings in Hong Kong and hospital buildings and other buildings in the PRC at fair value as at 31 December 2023 and 2022, which were revalued by Norton Appraisals.

Management of the Group is responsible for the review of the valuations performed by Norton Appraisals for financial reporting purposes and reports directly to the Board of Directors of the Company. Discussions of valuation processes and results are held between management of the Group and Norton Appraisals at least once a year, in line with the Group's annual reporting date.

At each financial year end, management of the Group:

- Verifies all major inputs to the independent valuation reports
- Assesses property valuation movements when compared to the prior year valuation reports
- Holds discussions with Norton Appraisals

Valuation techniques

The fair values of leasehold land and buildings were derived from direct comparison approach as described in Note 16 to the consolidated financial statements, or wherever appropriate, depreciated replacement cost approach by reference to the current cost of replacement of the improvements cost less allowance for physical deterioration and all relevant forms of obsolescence and optimisations.

All of the fair value measurements of the Group's leasehold land and buildings were categorised into Level 3 of the fair value hierarchy.

There were no transfers into or out of Level 3 during the two years.

There were no changes in the valuation techniques used during the two years.

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17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Valuation techniques (Continued)

Information about recurring fair value measurements using significant unobservable inputs (Level 3)

The following table shows the valuation techniques used in the determination of fair values for leasehold land and buildings and unobservable inputs used in the valuation models:

	Fair value HK$'000	**Valuation techniques**	**Unobservable inputs**	**Range of significant inputs**	**Effect on fair value for increase of inputs**
As at 31 December 2023					
Industrial property units located in Hong Kong	**20,870**	Direct comparison approach	Market unit rate	HK$2,445–HK$4,480 per square feet	Increase
Hospital buildings located in the PRC	**723,954**	Depreciated replacement cost approach	Depreciated replacement cost per square meter	RMB6,848-RMB10,729 per square meter	Increase
Other buildings located in the PRC	**71,626**	Depreciated replacement cost approach	Depreciated replacement cost per square meter	RMB6,989 per square meter	Increase
	245,139	Direct comparison approach	Market unit rate	RMB11,449-RMB40,000 per square meter	Increase
	1,061,589				

	Fair value HK$'000	Valuation techniques	Unobservable inputs	Range of significant inputs	Effect on fair value for increase of inputs
As at 31 December 2022					
Industrial property units located in Hong Kong	21,210	Direct comparison approach	Market unit rate	HK$2,500–HK$4,545 per square feet	Increase
Hospital buildings located in the PRC	755,194	Depreciated replacement cost approach	Depreciated replacement cost per square meter	RMB6,988-RMB10,248 per square meter	Increase
Other buildings located in the PRC	58,299	Depreciated replacement cost approach	Depreciated replacement cost per square meter	RMB6,718-RMB7,300 per square meter	Increase
	250,609	Direct comparison approach	Market unit rate	RMB13,000-RMB39,000 per square meter	Increase
	1,085,312				

18. RIGHT-OF-USE ASSETS

	Leasehold land HK$'000	Leased properties HK$'000	Total HK$'000
As at 1 January 2022	99,256	53,053	152,309
Depreciation	(2,858)	(7,545)	(10,403)
Exchange differences	(7,988)	(3,762)	(11,750)
As at 31 December 2022 and 1 January 2023	88,410	41,746	130,156
Additions	2,267	—	2,267
Depreciation	(2,009)	(7,115)	(9,124)
Exchange differences	(1,922)	(805)	(2,727)
As at 31 December 2023	**86,746**	**33,826**	**120,572**

	2023 HK$'000	2022 HK$'000
Depreciation expenses on right-of-use assets	**9,124**	10,403
Interest expense on lease liabilities (included in finance costs)	**3,347**	3,717
Expenses relating to short-term lease (included in cost of goods and services and administrative expenses)	**2,854**	2,036

Details of total cash outflow for leases is set out in Note 44(b) to the consolidated financial statements.

For both years, the Group leases various offices and a commercial premise for its operations. Lease contracts are entered into for fixed term ranged from 2 years to 10 years (2022: 2 years to 10 years). Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several office, hospitals and commercial buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

Restrictions or covenants on leases

In addition, lease liabilities of HK$38,582,000 (2022: HK$45,418,000) are recognised with related right-of-use assets of HK$33,826,000 (2022: HK$41,746,000) as at 31 December 2023. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

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FOR THE YEAR ENDED 31 DECEMBER 2023

19. INTERESTS IN ASSOCIATES

	2023 HK$'000	2022 HK$'000
Unlisted investments:		
Shares of net assets	—	—

At the end of the reporting period, the Group had interests in the following associates:

Name of entity	Form of business structure	Country/ place of incorporation/ registration	Principal place of operation	Class of share held	Number of shares/ paid-up capital held by the Group as at 31 December 2023	Proportion of nominal value of issued capital held by the Group 2023 %	2022 %	Proportion of voting power held 2023 %	2022 %	Principal activities
Printronics Electronics Limited	Incorporated	Hong Kong	Hong Kong	Ordinary	2 (2022: 2)	**40**	40	**40**	40	Inactive
Jiaozuo Tongren Medical Industry Company Limited (焦作同仁醫療實業有限公司)	Incorporated	The PRC	The PRC	Registered	RMB13,000,000 (2022: RMB13,000,000)	**21.67**	21.67	**21.67**	21.67	Ceased business

None of the associates is material to the Group.

20. FINANCIAL ASSETS AT FVTPL

	2023 HK$'000	2022 HK$'000
Financial assets designated at FVTPL:		
Club debentures	**2,151**	802

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21. GOODWILL

	2023 HK$'000	2022 HK$'000
Cost		
As at 1 January	**31,690**	34,500
Exchange differences	**(688)**	(2,810)
As at 31 December	**31,002**	31,690
Accumulated impairment losses		
As at 1 January	**31,690**	34,500
Exchange differences	**(688)**	(2,810)
As at 31 December	**31,002**	31,690
Carrying amount		
As at 31 December	**—**	—

Goodwill acquired in a business combination is allocated, at acquisition, to the CGU of the Group's business of the provision of eldercare and health services on the retirement community (the "Eldercare and Health Services CGU"), that is expected to benefit from that business combination.

Given the unsatisfactory financial performance of the Eldercare and Health Services CGU for the year ended 31 December 2021, the cash flow forecasts under the valuation of Eldercare and Health Services CGU as at 31 December 2020, in particular, for the operation of the nursing hospital (Shanghai Deyi Hospital ("SDH")) were not achieved; anticipating that SDH requires additional time to operate at its full capacity for phase one of SDH; and due to a delay in the development of phase two of SDH, accordingly the Group had revised its cash flow forecasts for the Eldercare and Health Services CGU and the goodwill was fully impaired as at 31 December 2021.

22. INVENTORIES

	2023 HK$'000	2022 HK$'000
Medicines	**35,966**	24,018
Medical consumables	**12,786**	11,295
	48,752	35,313

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23. PROPERTIES UNDER DEVELOPMENT FOR SALE AND PROPERTIES HELD FOR SALE

Properties under development for sale

	2023 HK$'000	2022 HK$'000
As at 1 January	**185,606**	6,488
Additions	**—**	3,745
Transfer from investment properties (Note 16)	**—**	185,984
Provision	**(4,342)**	(5,000)
Exchange differences	**(3,291)**	(5,611)
As at 31 December	**177,973**	185,606
Properties under development for sale of which:		
— expected to be realised over 12 months	**177,973**	185,606

The properties under development for sale of the Group are situated in the PRC.

A provision of properties under development for sales of HK$4,342,000 (2022: HK$5,000,000) was made for the year ended 31 December 2023.

Details of pledged properties under development for sale are set out in Note 37 to the consolidated financial statements.

Properties held for sale

The Group's properties held for sale are situated in the PRC. All the properties held for sale are stated at lower of cost and net realisable values. In the opinion of the directors of the Company, properties held for sale are expected to be realised within 12 months.

A provision for properties held for sale of HK$3,758,000 (2022: HK$6,856,000) was made for the year ended 31 December 2023.

24. INVESTMENTS HELD FOR TRADING

Investments held for trading include:

	2023 HK$'000	2022 HK$'000
Equity securities, at fair value:		
— Listed in Hong Kong	**4,949**	9,966
— Listed in Australia	**1,236**	1,369
— Listed in the Philippines	**439**	754
	6,624	12,089

The carrying amounts of the above financial assets are measured at FVTPL in accordance with HKFRS 9.

The investments included above represent investments in listed equity securities that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate.

The carrying amounts of the Group's investments held for trading are denominated in the following currencies:

	2023 HK$'000	2022 HK$'000
HK$	**4,949**	9,966
Australian dollars ("AUD")	**1,236**	1,369
Philippine Pesos ("PHP")	**439**	754
	6,624	12,089

The fair values of listed securities are based on current bid prices.

Details of pledged investments held for trading are set out in Note 37 to the consolidated financial statements.

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FOR THE YEAR ENDED 31 DECEMBER 2023

25. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2023 HK$'000	2022 HK$'000
Trade receivables:		
Trade receivables arising from hospital operation and eldercare related services operation	**92,105**	76,452
Debtors from financial services	**876**	876
Debtors from leasing of properties	**—**	675
	92,981	78,003
Less: Allowance for credit losses	**(9,495)**	(5,867)
	83,486	72,136
Deposits, prepayments and other receivables:		
Prepayments, other debtors and deposits	**39,822**	22,202
Deposits with and receivables from the financial institutions	**262**	316
	40,084	22,518

As at 31 December 2023 and 2022, trade receivables from contracts with customers amounted to HK$92,105,000 and HK$76,452,000 respectively.

The settlement terms of debtors from leasing of properties are before the 16th of each month (2022: 16th of each month) and they are aged more than 90 days (2022: 90 days).

The customers of hospital operation and eldercare related services operation are either settled by cash, credit card or local governments' social insurance schemes. For credit card payment, the banks usually pay the Group 7 days after the trade date. Payments under local governments' social insurance schemes are normally settled by the local social insurance bureau or similar government departments, which are responsible for the reimbursement of medical expenses for patients who are covered by the local governments' social insurance schemes, 90 days from the invoice date.

The following is an aging analysis of trade receivables arising from hospital operation and eldercare related services operation denominated in RMB and presented based on the invoice date which approximates the date of revenue recognition:

	2023 HK$'000	2022 HK$'000
0–30 days	**55,621**	48,115
31–60 days	**12,366**	11,806
61–90 days	**2,460**	2,557
91–365 days	**18,217**	10,120
More than 365 days	**3,441**	3,854
	92,105	76,452

25. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

As at 31 December 2023, included in the Group's trade receivables balance are receivables with aggregate carrying amount of HK$24,118,000 (2022: HK$16,531,000) which are past due as at the reporting date. Out of the past due balances, HK$21,658,000 (2022: HK$13,974,000) has been past due 30 days or more and is not considered as in default because the receivables were related to a number of independent customers that have good repayment records with the Group.

Details of impairment assessment of debtors are set out in Notes 42(c)(i) and 42(c)(ii) to the consolidated financial statements.

26. LOAN RECEIVABLE

	2023	2022
	HK$'000	HK$'000
Fixed-rate loan	**95,215**	95,215
Less: Allowance for credit losses	**(95,215)**	(95,215)
	—	—

The balance represents secured loan from a subsidiary of the Company (the "Subsidiary") as lender, to an independent third party corporate borrower, the shares of which were listed on the Stock Exchange (the "Borrower"). The loan is secured by (i) a debenture created by the chargor, a wholly owned subsidiary of the Borrower (the "Chargor") in favour of the Subsidiary by way of a first fixed and floating charge over all the undertaking, property and assets of the Chargor; (ii) a share mortgage in favour of the Subsidiary by way of a first fixed mortgage of the 75% of the entire issued share capital of the Chargor; (iii) an additional deed of assignment of shareholder's loan owed by another non-wholly-owned subsidiary of the Borrower and held by the Borrower; and (iv) a deed of assignment of shareholder's loan owed by Chargor and held by the Borrower.

Details of impairment assessment are set out in Note 42(c)(iii) to the consolidated financial statements.

As at 31 December 2023, based on the assessment of the directors of the Company, the loan receivable is not expected to be settled within the next 12 months and therefore classified as non-current asset.

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27. PLEDGED BANK DEPOSITS, RESTRICTED BANK DEPOSITS AND BANK BALANCES AND CASH

	2023 **HK$'000**	2022 HK$'000
Pledged bank deposits	**32,984**	24,319
Restricted bank deposits	**136**	714
Bank balances and cash	**890,266**	589,050
	923,386	614,083

Pledged bank deposits, restricted bank deposits, and bank balances of the Group carry interest at market rates per annum at the end of the reporting period are as follows:

	2023	2022
Pledged bank deposits	**1.3%–2.3%**	1.3%–2.1%
Restricted bank deposits	**0.25%**	0.25%
Bank balances	**0.01%–5.35%**	0.01%–4.3%

The carrying amounts of the Group's pledged bank deposits, restricted bank deposits, and bank balances and cash are denominated in the following currencies:

	2023 **HK$'000**	2022 HK$'000
HK$	**540,066**	233,081
USD	**25,179**	25,972
AUD	**142,644**	138,708
RMB	**215,492**	216,322
PHP	**5**	—
	923,386	614,083

The Group's pledged bank deposits represent deposits pledged to secure certain bills payable and borrowings of the Group as set out in Note 37 to the consolidated financial statements. These deposits are subject to regulatory restrictions and are therefore not available for general use by the Group.

The Group's restricted bank deposits represent deposits placed in a designated bank account which could only be used in the designated property development project.

Bank balances and cash comprise cash at bank earns interest at floating rates based on daily bank deposits rates. Short-term bank deposits are placed with banks with original maturity of three months or less.

As at 31 December 2023, pledged bank deposits, restricted bank deposits and bank balances and cash of the Group in the PRC denominated in RMB amounted to HK$215,436,000 (2022: HK$216,282,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

Details of impairment assessment are set out in Note 42(c)(iv) to the consolidated financial statements.

28. TRADE PAYABLES, DEPOSITS, RECEIPTS IN ADVANCE AND ACCRUED CHARGES

	2023 HK$'000	2022 HK$'000
Trade payables of hospital operation, of eldercare related services operation and to construction contractors	**162,798**	146,508
Deposits, receipt in advance and accrued charges:		
Bills payable	**64,725**	13,480
Accrued compensation for late delivery of properties held for sale	**5,861**	5,822
Accrued construction costs for properties under development for sale and properties held for sale	**30,677**	29,802
Construction cost payable for hospital buildings classified as property, plant and equipment	**126,713**	10,345
Deposits and receipts in advance	**64,267**	86,026
Other payables and accrued charges	**193,158**	127,722
	485,401	273,197

Trade payables of hospital operation and eldercare related services operation principally comprise amounts outstanding for trade purchases. Trade payables to construction contractors comprise construction costs for property development and other projects. The normal credit period taken for these trade payables is 30–90 days.

Deposits and receipts in advance mainly represent refundable deposits from hospital operation and eldercare related services operation.

The following is an aging analysis of trade payables of hospital operation, of eldercare related services operation and to construction contractors denominated in RMB and presented based on the invoice date:

	2023 HK$'000	2022 HK$'000
0–30 days	**84,168**	68,420
31–60 days	**32,773**	34,035
61–90 days	**15,794**	19,564
91–365 days	**21,711**	16,684
More than one year but not exceeding two years	**1,452**	3,889
More than two years but not exceeding five years	**6,900**	3,916
	162,798	146,508

The following is an aging analysis of bills payable denominated in RMB and presented based on the invoice date:

	2023 HK$'000	2022 HK$'000
31–60 days	**—**	13,480
91–365 days	**64,725**	—
	64,725	13,480

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29. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**6,398**	9,366	**3,389**	5,979
More than one year but not exceeding two years	**6,635**	6,540	**3,917**	3,464
More than two years but not exceeding five years	**20,320**	20,431	**14,244**	13,121
More than five years	**19,159**	26,706	**17,032**	22,854
	52,512	63,043	**38,582**	45,418
Less: Future finance charges	**(13,930)**	(17,625)	**N/A**	N/A
Present value of lease obligations	**38,582**	45,418	**38,582**	45,418
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(3,389)**	(5,979)
Amount due for settlement after 12 months			**35,193**	39,439

The Group's weighted average incremental borrowing rates applied to lease liabilities range from 3% to 8% (2022: 3% to 8%).

29. LEASE LIABILITIES (CONTINUED)

The carrying amount of the Group's lease liabilities is denominated in the following currencies:

	2023 HK$'000	2022 HK$'000
HK$	**—**	2,341
RMB	**38,582**	43,077
	38,582	45,418

30. CONTRACT LIABILITIES

	2023 HK$'000	2022 HK$'000
Billings in advance of performance obligation — Healthcare and eldercare services	**61,963**	51,020
Analysed as:		
Current liabilities	**53,859**	40,744
Non-current liabilities	**8,104**	10,276
	61,963	51,020

Contract liabilities relating to healthcare and eldercare services are balances of advance payment from customers before the service commences, this will give rise to contract liabilities at the start of the relevant services, until the revenue is recognised and the services rendered for the period ranging from one month to three years. The Group typically receives the advance payment based on the estimated fee quote on admission of customers.

Movements in contract liabilities:

	2023 HK$'000	2022 HK$'000
As at 1 January	**51,020**	55,152
Decrease in contract liabilities as a result of recognising revenue during the year was included in the contract liabilities at the beginning of the year	**(40,546)**	(38,748)
Increase in contract liabilities as a result of receiving advance payment from customers	**52,803**	39,120
Exchange differences	**(1,314)**	(4,504)
As at 31 December	**61,963**	51,020

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31. AMOUNT DUE TO AN ASSOCIATE

The amount due is unsecured, interest-free and repayable on demand.

32. BORROWINGS

The following table provides an analysis of the borrowings:

	2023 HK$'000	2022 HK$'000
Bank borrowings, secured	82,930	134,782
Bank borrowings, unsecured	355,692	452,179
Other borrowings, secured	—	33,803
Term loans, unsecured	321,428	312,839
	760,050	933,603

The carrying amounts of the Group's bank and other borrowings are repayable as follows:

	2023 HK$'000	2022 HK$'000
Within one year	312,561	544,816
More than one year but not exceeding two years	122,587	369,604
More than two years but not exceeding five years	324,902	19,183
	760,050	933,603
Less: Amount due for settlement within 12 months (shown under current liabilities)	(312,561)	(544,816)
Amount due for settlement after 12 months	447,489	388,787

As at 31 December 2023, the Group's bank and other borrowings are secured by certain assets of the Group and corporate guarantee given by the Company and certain subsidiaries of the Group. Details of pledged assets are set out in Note 37 to the consolidated financial statements.

The Group has not breached the financial covenants of any interest-bearing borrowings for the years ended 31 December 2023 and 2022.

All borrowings are denominated in RMB.

32. BORROWINGS (CONTINUED)

Bank borrowings, other borrowings and term loans of HK$254,153,000 (2022: HK$472,221,000), HK$Nil (2022: HK$33,803,000) and HK$321,428,000 (2022: HK$312,839,000) respectively are arranged at fixed interest rates and expose the Group to fair value interest rate risk. The remaining bank borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

The directors of the Company estimate that the carrying amounts of the Group's borrowings are not materially different from their fair values as at 31 December 2023 and 2022.

33. DEFERRED TAX LIABILITIES

The following are the deferred tax liabilities recognised and movements thereon during the current and prior years:

	Revaluation of leasehold land and buildings HK$'000	Withholding tax in respect of undistributed earnings of PRC subsidiaries HK$'000	Fair value adjustment on business combination HK$'000	Total HK$'000
As at 1 January 2022	22,318	1,261	30,210	53,789
Charge to profit or loss (Note 12)	—	279	234	513
Charge to properties revaluation reserve	20,045	—	—	20,045
Exchange differences	—	(113)	(2,468)	(2,581)
As at 31 December 2022 and 1 January 2023	42,363	1,427	27,976	71,766
Credit to profit or loss (Note 12)	—	—	(165)	(165)
Charge to properties revaluation reserve	201	—	—	201
Exchange differences	(120)	(31)	(257)	(408)
As at 31 December 2023	**42,444**	**1,396**	**27,554**	**71,394**

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33. DEFERRED TAX LIABILITIES (CONTINUED)

As at 31 December 2023, the Group had estimated unused tax losses of HK$2,017 million (2022: HK$2,024 million) available for offset against future profits. No deferred tax asset has been recognised in respect of estimated tax losses due to the unpredictability of future profit streams. The estimated unused tax losses of HK$1,802 million (2022: HK$1,778 million) may be carried forward indefinitely. Other unused tax losses of HK$215 million (2022: HK$246 million) will expire after 5 years from the year of assessment they related to.

34. SHARE CAPITAL

	Nominal value per share	Number of ordinary shares	Carrying value HK$'000
Authorised:			
As at 1 January 2022, 31 December 2022 and 1 January 2023	HK$0.0005	600,000,000,000	300,000
Share Consolidation (Note (a))		(570,000,000,000)	—
As at 31 December 2023	HK$0.01	30,000,000,000	300,000
Issued and fully paid:			
As at 1 January 2022, 31 December 2022 and 1 January 2023	HK$0.0005	14,480,072,773	7,240
Share Consolidation (Note (a))		(13,756,069,135)	—
	HK$0.01	724,003,638	7,240
Shares issued under Rights Issue (Note (b))	HK$0.01	362,001,819	3,620
As at 31 December 2023	HK$0.01	1,086,005,457	10,860

Notes:

(a) On 24 February 2023, the Company completed the consolidation of every twenty issued and unissued ordinary shares of HK$0.0005 each in the share capital of the Company into one ordinary share of HK$0.01 each in the share capital of the Company (the "Share Consolidation"). As a result of the Share Consolidation, the number of authorised ordinary shares was reduced from 600,000,000,000 of HK$0.0005 each to 30,000,000,000 of HK$0.01 each while the number of issued and fully paid ordinary shares was reduced from 14,480,072,773 of HK$0.0005 each to 724,003,638 of HK$0.01 each.

(b) On 16 June 2023, the Company issued 362,001,819 ordinary shares of HK$0.01 each by way of rights on the basis of one rights share for every two issued shares of the Company at subscription price of HK$0.88 per rights share (the "Rights Issue"). The net proceeds after deducting all relevant professional fees and related expenses of HK$9,270,000 were HK$309,292,000 and are intended for financing the development of the phase II of Kunming hospital.

34. SHARE CAPITAL (CONTINUED)

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes borrowings, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure by considering the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements, except for the financial covenant requirements of loan agreements with external parties.

The capital to overall financing ratio at the reporting date was as follows:

	2023 **HK$'000**	2022 HK$'000
Capital		
— Total equity	**1,910,343**	1,578,859
Overall financing		
— Borrowings	**760,050**	933,603
Capital-to-overall financing ratio	**2.51 times**	1.69 times

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35. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Properties revaluation reserve

The properties revaluation reserve comprises the cumulative net change in the fair value of leasehold land and buildings held at the end of the reporting period and is dealt with in accordance with the accounting policy set out in Note 4(d) to the consolidated financial statements.

(ii) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of debt instruments at FVTOCI held at the end of the reporting period.

(iii) Capital redemption reserve

The capital redemption reserve represents the nominal amount of share capital repurchased through the Stock Exchange and cancelled by the Company. The issued share capital was reduced by the nominal value thereof and transfer to the capital redemption reserve is made upon cancellation of the repurchased shares.

(iv) Other reserve

The other reserve represents the effect of changes in the Group's ownership interests in existing subsidiaries without losing control.

(v) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations and is dealt with in accordance with the accounting policy set out in Note 4(c)(ii) to the consolidated financial statements.

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36. NON-CONTROLLING INTERESTS

	Share of net assets of subsidiaries HK$'000
As at 1 January 2022	16,659
Share of profit for the year	4,429
Share of other comprehensive income for the year	2,829
Share of total comprehensive income for the year	7,258
As at 31 December 2022 and 1 January 2023	23,917
Share of profit for the year	9,197
Share of other comprehensive income for the year	4,740
Share of total comprehensive income for the year	13,937
As at 31 December 2023	**37,854**

37. PLEDGE OF ASSETS

At the end of the reporting period, the following assets of the Group were pledged to banks, financial institution, securities brokers houses and finance lease provider to secure credit facilities granted to the Group:

	2023 HK$'000	2022 HK$'000
Investments held for trading	**6,624**	12,089
Buildings (included in property, plant and equipment)	**237,692**	242,520
Investment properties	**315,494**	326,049
Properties under development for sale	**141,147**	147,402
Pledged bank deposits	**32,984**	24,319
Medical equipment (included in property, plant and equipment)	**18,220**	42,400
	752,161	794,779

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38. OPERATING LEASING ARRANGEMENTS AND CAPITAL COMMITMENTS

Operating leasing arrangements

The Group as lessee

The Group regularly entered into short-term leases for medical equipment, business premises, carparks and motor vehicles. As at 31 December 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in Note 18 to the consolidated financial statements.

The Group as lessor

Property rental income earned during the year was HK$7,636,000 (2022: HK$7,552,000). The properties held have committed tenants for a lease term ranging from one to ten years (2022: one to ten years). The lessee does not have an option to purchase the property at the expiry of the lease period.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments receivable under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2023 **HK$'000**	2022 HK$'000
Within one year	**4,121**	6,441
In the second year	**2,145**	3,716
In the third year	**1,313**	1,834
In the fourth year	**751**	1,089
In the fifth year	**884**	636
After five years	**905**	1,489
	10,119	15,205

Capital commitments

	2023 **HK$'000**	2022 HK$'000
Capital expenditure contracted for at the end of reporting period but not yet incurred:		
— Property, plant and equipment	**262,346**	276,746

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39. RETIREMENT BENEFITS SCHEMES

Hong Kong

The Group participates in defined contribution schemes which are registered under the Occupational Retirement Schemes Ordinance (the "ORSO Scheme") in 1995 and under the Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance (the "MPFSO") in December 2000. The assets of the scheme are held, separately from those of the Group, in funds under the control of independent trustees.

ORSO Scheme

The Group and employees contribute 10% (2022: 10%) and 5% (2022: 5%) of relevant payroll costs respectively to the ORSO Scheme. The maximum monthly amount of contributions is limited to HK$1,500 (2022: HK$1,500) per employee. The Group's contributions may be reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions.

MPF Scheme

The Group contributes 5% (2022: 5%) of relevant payroll costs to the MPF Scheme, which contributions are matched by the employees. The maximum monthly amount of contributions is limited to HK$1,500 (2022: HK$1,500) per employee. The Group has participated in a master trust MPF Scheme since December 2000 and made contributions to the MPF Scheme in accordance with the statutory requirements of the MPFSO.

PRC

Pursuant to the relevant laws and regulations in the PRC, the Company's subsidiaries in the PRC have joined defined contribution retirement schemes for the employees arranged by local municipal government labour and security authorities (the "PRC Retirement Schemes"). The subsidiaries in the PRC make contributions to the PRC Retirement Schemes at the applicable rates of 16% (2022: 16%) based on the amounts stipulated by the local municipal government organisations. Upon retirement, the local municipal government labour and security authorities are responsible for the payment of the retirement benefits to the retired employees.

During the years ended 31 December 2023 and 2022, the Group had no forfeited contributions under the ORSO Scheme, MPF Scheme and PRC Retirement Scheme and which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available as at 31 December 2023 and 2022 under the ORSO Scheme, MPF Scheme and PRC Retirement Scheme which may be used by the Group to reduce the contribution payable in future years.

During the year, the retirement benefits scheme contributions charged to consolidated statement of profit or loss were HK$38,863,000 (2022: HK$38,238,000).

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40. RELATED PARTY TRANSACTIONS

The Group had following transactions and balance with its related parties:

(a) Transactions with related parties

	2023 HK$'000	2022 HK$'000
The ultimate holding company of the Company, AGL and its subsidiaries		
— Short-term lease expenses charged to the Group	216	—
— Interest expense on borrowings charged to the Group	200	—
— Interest expense on lease liabilities charged to the Group	2	—
An associate of AGL, APAC Resources Limited		
— Interest expense on borrowings charged to the Group	722	—
The intermediate holding company of the Company, TACI and its subsidiaries		
— Interest expense on borrowings charged to the Group	2,726	—
— Interest expense on lease liabilities charged to the Group	1	—
A related company		
— Legal and professional services fee charged to the Group (Note)	101	1,385

Note: The related company is a partnership of which a former non-executive director of the Company is a partner and is considered as a related party of the Group.

(b) Balances with related parties

	2023 HK$'000	2022 HK$'000
The ultimate holding company of the Company, AGL and its subsidiaries		
— Deposits, prepayments and other receivables	745	—
The intermediate holding company of the Company, TACI and its subsidiaries		
— Deposits, prepayments and other receivables	86	—
— Term loans, unsecured (included in borrowings)	321,428	—
— Accrued charges (included in deposits, receipt in advance and accrued charges)	436	—

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40. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Compensation of key management personnel

The remuneration of directors of the Company, who are also the key management of the Group during the year is as follows:

	2023	2022
	HK$'000	HK$'000
Salaries and other short-term employee benefits	**4,806**	3,119
Retirement benefits costs	**186**	171
	4,992	3,290

The remuneration of directors of the Company is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

41. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations and to recruit and retain high calibre eligible persons and attract human resources that are valuable to the Group. Eligible participants include the full-time and part-time employees, executives, non-executive and independent non-executive director, supplier, technical supporter, adviser or consultants of the Company and the Company's subsidiaries. The Scheme became effective on 7 March 2019 and will remain in force for 10 years from that date and in the absence of determination, the period commencing from the date of acceptance and ending in accordance with the terms of Scheme or on the day immediately preceding the tenth anniversary of the offer date, whichever is earlier. The remaining life of the Scheme is 5.1 years. The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee.

The exercise price of the share options is determined by the board of the Company, but may not be less than the highest of (a) the closing price of the shares of the Company (the "Shares") as stated in the Stock Exchange's daily quotation sheet on the date of grant, (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant, and (c) the nominal value of the Share on the date of grant, when applicable.

The maximum number of shares to be granted under the Scheme shall not exceed 10% of the total number of Shares in issue on the adoption date, unless the Company seeks the approval of the shareholders of the Company for refreshing the 10% limit under the Scheme.

Besides, the maximum number of shares which may be issued upon exercise of all outstanding option must not exceed 30% of the total number of Shares from time to time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the Shares in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting.

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41. SHARE OPTION SCHEME (CONTINUED)

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the Shares in issue at any time or with an aggregate value (based on the price of the Shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

Share options do not confer rights on the holder to dividends or to vote at shareholders' meeting.

No share options were granted by the Company nor exercised by any eligible participants during the years ended 31 December 2023 and 2022. There are no share options outstanding as at 31 December 2023 and 2022.

42. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Categories of financial instruments at 31 December

	2023 HK$'000	2022 HK$'000
Financial assets		
Financial assets at amortised cost	**1,038,399**	697,432
Financial assets at FVTPL		
— Designated at FVTPL	**2,151**	802
— Mandatorily measured at FVTPL	**6,624**	12,089
Financial liabilities		
Financial liabilities at amortised cost	**1,393,776**	1,341,246
Lease liabilities	**38,582**	45,418

42. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk

(i) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the group entities in HK$ and RMB. Accordingly, the Group is not exposed to significant foreign currency risk, except for the bank deposits denominated in USD and AUD. The Group currently does not have a foreign currency hedging policy. However, management of the Group closely monitors its foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

As HK$ is pegged to USD, the Group does not expect any significant movements in the USD/HK$ exchange rates.

As at 31 December 2023, if HK$ had weakened/strengthened by 10% against the AUD with all other variables held constant, the Group's consolidated profit after taxation (2022: loss after taxation) for the year would have been HK$14,357,000 higher/lower (2022: HK$13,887,000 lower/higher), mainly as a result of foreign exchange gains/losses on translation of bank deposits denominated in AUD.

As at 31 December 2023, if HK$ had weakened/strengthened by 10% against the RMB with all other variables held constant, the Group's consolidated profit after taxation (2022: loss after taxation) for the year would have been HK$236,000 higher/lower (2022: HK$13,807,000 higher/lower), mainly as a result of foreign exchange losses/gains on translation of bank deposits and term loans denominated in RMB.

(ii) Price risk

The Group is exposed to equity price risk through its investments held for trading. The Group's investments held for trading have significant concentration of price risk in Hong Kong, Australian and the Philippines stock markets. Management of the Group manages the exposure by maintaining a portfolio of equity investments of the Group with different risk and return profiles.

The sensitivity analysis below has been determined based on the exposure to equity price risk at the end of the reporting period. For sensitivity analysis purpose, the sensitivity rate remains at 30% in the current period.

If the prices of the respective equity instruments had been 30% (2022: 30%) higher/lower and all other variables were held constant, the Group's consolidated profit after taxation (2022: loss after taxation) for the year would increase/decrease by HK$1,987,000 (2022: decrease/increase by HK$3,627,000) as a result of the changes in fair value of investments held for trading.

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42. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

(iii) Interest rate risk

The Group is exposed to fair value interest rate risk relates primarily to pledged bank deposits, restricted bank deposits, loan receivable and certain of its borrowings which bear interests at fixed interest rates.

The Group's exposure to cash flow interest rate risk relates to its bank deposits and certain of its borrowings which bear interests at variable rates that varied with the then prevailing market conditions.

The Group currently does not have an interest rate hedging policy. However, management of the Group closely monitors its interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of prime rate arising from the Group's variable interest rate instruments.

Management of the Group considers that the Group's exposure to future cash flow risk on variable-rate bank deposits as a result of the change of market interest rate is insignificant and thus variable-rate bank deposits are not included in the sensitivity analysis.

A 100 basis point change is used which represents management's assessment of the reasonably possible change in interest rates. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year.

If the interest rate of variable-rate borrowings had been 100 basis point higher/lower and all other variables were held constant, the Group's consolidated profit after taxation (2022: loss after taxation) for the year would decrease/increase by HK$1,384,000 (2022: increase/decrease by HK$861,000).

42. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's credit risk exposures are primarily attributable to trade receivables arising from contracts with customers, other receivables and deposits, pledged/restricted bank deposits, bank balances and loan receivable. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except for the loan receivable which is secured by the collaterals as set out in Note 26 to the consolidated financial statements.

The table below details the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amounts	
					2023	2022
			(Note (iii))		**HK$'000**	HK$'000
Financial assets at amortised cost						
Trade receivables arising from contracts with customers	25	N/A	Note (ii)	Lifetime ECL	**92,105**	76,452
Debtors from financial services	25	N/A	Loss (Note (i))	Lifetime ECL — credit-impaired	**876**	876
Debtors from leasing of properties	25	N/A	Loss (Note (i))	Lifetime ECL — credit-impaired	**—**	675
Deposits and other receivables	25	N/A	Low risk	12-month ECL	**31,527**	11,213
			Loss (Note (i))	Lifetime ECL — credit-impaired	**5,278**	5,278
Loan receivable	26	N/A	Loss (Note (i))	Lifetime ECL — credit-impaired	**95,215**	95,215
Pledged bank deposits	27	2023: Baa2 (2022: Baa2)	N/A	12-month ECL	**32,984**	24,319
Restricted bank deposits	27	2023: Baa2 (2022: Baa2)	N/A	12-month ECL	**136**	714
Bank balances	27	2023: Baa2 (2022: Ba1-Aa3)	N/A	12-month ECL	**890,108**	588,747

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42. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk (Continued)

Notes:

(i) For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

(ii) For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance on lifetime ECL basis.

(iii) The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past due amounts	Lifetime ECL — not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL — not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

42. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk (Continued)

(i) Trade receivables arising from contracts with customers

The Group, being a provider of healthcare services to patients, has a highly diversified customer base, without any single customer contributing material revenue. However, the Group has concentrated debtor's portfolio, as majority patients will claim their medical expenses from local governments' social insurance schemes. Subject to the relevant local government's medical insurance payment and settlement policies, the reimbursement from the local social insurance bureau or similar government departments normally take three months. The Group has policy in place to ensure the treatments and medicines prescribed and provided to such insured patients are in line with the respective policies and within reimbursement limits, provided fulfilling all ethics and moral responsibilities as healthcare provider. The Group also has controls to closely monitor the patients' billings and claim status to minimise the credit risk. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. The Group performs impairment assessment on trade receivables by applying simplified approach using provision matrix based on the factors and in accordance with the write-off policy as described in Note 4(h)(ii) to the consolidated financial statements.

Other than concentration of credit risk on trade receivables from top 4 customers of HK$67,321,000, 73% (2022: top 4 customers of HK$40,525,000, 52%) located in the PRC, the Group does not have any other significant concentration of credit risk on trade receivables.

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to its hospital operation and eldercare related services operation. The following table provides information about the exposure to credit risk for trade receivables arising from hospital operation and eldercare related services operation:

	2023	2022
	HK$'000	HK$'000
No past due or past due less than 30 days	**70,447**	62,478
Past due 30 days or more	**21,658**	13,974
	92,105	76,452

The estimated loss rate is estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

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42. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk (Continued)

(i) Trade receivables arising from contracts with customers (Continued)

Movement in the loss allowances for trade receivables arising from hospital operation and eldercare related services operation is as follows:

	2023 HK$'000	2022 HK$'000
As at 1 January	**4,991**	1,643
Net impairment loss recognised for the year	**3,777**	34,711
Amounts written off during the year	**—**	(31,109)
Exchange differences	**(149)**	(254)
As at 31 December	**8,619**	4,991

(ii) Trade receivables arising from other sources and other receivables and deposits

Management of the Group makes periodic collective assessment or individual assessment for debtors with significant balances on the recoverability of trade receivables arising from other sources and other receivables and deposits based on historical settlement records, past experience, quantitative and qualitative information that is reasonable and supportive and forward-looking information that is available without undue cost or effect.

Movement in the loss allowances for trade receivables arising from other sources and other receivables and deposits is as follows:

	2023 HK$'000	2022 HK$'000
As at 1 January	**6,154**	9,554
Amounts written off during the year	**—**	(3,400)
As at 31 December	**6,154**	6,154

42. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk (Continued)

(iii) Loan receivable

The Group has a policy for assessing the impairment on loan receivable on an individual basis. The assessment includes evaluation of collectability and aging analysis of the loan receivable and on management's judgement on creditworthiness, collaterals and past collection history of each borrower.

In determining the recoverability of the loan receivable, the Group considers the change in the credit quality of the loan receivable, if any, from the date the loan was initially granted up to the reporting date. This includes assessing the credit history of the borrower, such as past experience of financial difficulties or default in payments, current market conditions, value of collaterals and the anticipated receipts of shareholder's loan.

The Group had concentration of credit risk on loan receivable as 100% (2022: 100%) of the loan receivable as at 31 December 2023 was due from one (2022: one) borrower.

Given the unsettled loan and interest receivables in 2020, the Group had issued demand letter and final notice to the Borrower, appointed receivers for enforcement of securities of the loan, and had been in discussion with the Borrower and its joint provisional liquidators for the settlement of the total outstanding amount. The Borrower and its joint provisional liquidators had represented that they were in the process of executing certain plans for asset realisation and/or financing to settle the loan.

As at 31 December 2023 and 2022, the directors of the Company considered that the estimated cash flow of the loan receivable and/or the realisation of the relevant collaterals was expected to be zero due to the adverse development of value of collaterals (inclusive of the anticipated receipts of the shareholder's loan held by the Borrower that are assigned to the Group) and the loan receivable was fully impaired.

The following table shows the reconciliation of loss allowances that has been recognised for loan receivable:

	2023 **HK$'000**	2022 HK$'000
As at 1 January and 31 December	**95,215**	95,215

(iv) Pledged bank deposits, restricted bank deposits and bank balances

The credit risks on pledged bank deposits, restricted banks deposits and bank balances are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. No loss allowance provision for pledged bank deposits, restricted banks deposits and bank balances was recognised as the amount is insignificant. The Group has limited exposure to any single financial institution.

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42. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management of the Group monitors the utilisation of borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Group is required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Repayable on demand HK$'000	Less than 3 months HK$'000	Between 3 months and one year HK$'000	Between one and five years HK$'000	More than five years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at the end of reporting period HK$'000
As at 31 December 2023							
Non-derivative financial liabilities							
Trade payables	—	**162,798**	—	—	—	**162,798**	**162,798**
Deposits, other payables and accrued charges	—	**452,470**	**12,414**	—	—	**464,884**	**464,884**
Amount due to an associate	**6,044**	—	—	—	—	**6,044**	**6,044**
Borrowings							
— variable rates	—	**4,141**	**62,027**	**129,795**	—	**195,963**	**184,469**
— fixed rates	—	**39,352**	**236,107**	**354,259**	—	**629,718**	**575,581**
Lease liabilities	—	**1,581**	**4,817**	**26,955**	**19,159**	**52,512**	**38,582**
	6,044	**660,342**	**315,365**	**511,009**	**19,159**	**1,511,919**	**1,432,358**
As at 31 December 2022							
Non-derivative financial liabilities							
Trade payables	—	146,508	—	—	—	146,508	146,508
Deposits, other payables and accrued charges	—	242,268	—	12,689	—	254,957	254,957
Amount due to an associate	6,178	—	—	—	—	6,178	6,178
Borrowings							
— variable rates	—	2,837	41,682	79,685	—	124,204	114,740
— fixed rates	—	105,694	434,627	328,895	—	869,216	818,863
Lease liabilities	—	2,396	6,970	26,971	26,706	63,043	45,418
	6,178	499,703	483,279	448,240	26,706	1,464,106	1,386,664

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

42. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair values

Except as disclosed in Notes 16, 17 and 43 to the consolidated financial statements, management of the Group considers that the carrying amounts of the financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

43. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair values:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

(a) Disclosures of level in fair value hierarchy as at 31 December:

Description	**Fair value hierarchy**		**Total**
	Level 1	**Level 2**	**2023**
	HK$'000	**HK$'000**	**HK$'000**
Recurring fair value measurements:			
Financial assets			
Financial assets at FVTPL			
Held for trading — listed equity securities	**6,624**	**—**	**6,624**
Club debentures	**—**	**2,151**	**2,151**
Total	**6,624**	**2,151**	**8,775**

Description	Fair value hierarchy		Total
	Level 1	Level 2	2022
	HK$'000	HK$'000	HK$'000
Recurring fair value measurements:			
Financial assets			
Financial assets at FVTPL			
Held for trading — listed equity securities	12,089	—	12,089
Club debentures	—	802	802
Total	12,089	802	12,891

There are no transfers between Level 1 and Level 2 for both years.

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43. FAIR VALUE MEASUREMENTS (CONTINUED)

(b) Disclosure of valuation techniques and inputs used in fair value measurements as at 31 December 2023:

Financial assets in the consolidated statement of financial position	Fair value as at 31 December 2023	Fair value as at 31 December 2022	Fair value hierarchy	Valuation techniques and key inputs
1) Investments in listed equity securities classified as investments held for trading	Listed equity securities: — Hong Kong HK$4,949,000 — Overseas HK$1,675,000	Listed equity securities: — Hong Kong HK$9,966,000 — Overseas HK$2,123,000	Level 1	Quoted bid prices in active markets
2) Club debentures classified as financial assets at FVTPL	Assets — HK$2,151,000	Assets — HK$802,000	Level 2	Quoted prices in a market for identical assets

44. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 January 2022	919,940	52,016	971,956
Changes from financing cash flows:			
New borrowings raised	622,178	—	622,178
Repayments of borrowings	(530,494)	—	(530,494)
Principal element of lease payments	—	(2,765)	(2,765)
Interest paid	(55,298)	(3,717)	(59,015)
Total changes from financing cash flows	36,386	(6,482)	29,904
Other changes:			
Finance costs	55,298	3,717	59,015
Exchange differences	(78,021)	(3,833)	(81,854)
Total other changes	(22,723)	(116)	(22,839)
At 31 December 2022 and 1 January 2023	933,603	45,418	979,021
Changes from financing cash flows:			
New borrowings raised	552,480	—	552,480
Repayments of borrowings	(707,457)	—	(707,457)
Principal element of lease payments	—	(5,935)	(5,935)
Interest paid	(44,460)	(3,347)	(47,807)
Total changes from financing cash flows	(199,437)	(9,282)	(208,719)
Other changes:			
Finance costs	44,460	3,347	47,807
Exchange differences	(18,576)	(901)	(19,477)
Total other changes	25,884	2,446	28,330
At 31 December 2023	**760,050**	**38,582**	**798,632**

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44. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2023 **HK$'000**	2022 HK$'000
Within operating cash flows	**2,854**	2,036
Within financing cash flows	**9,282**	6,482
	12,136	8,518

These amounts relate to the following:

	2023 **HK$'000**	2022 HK$'000
Lease rental paid	**12,136**	8,518

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Country/ place of incorporation/ registration	Nominal value of issued ordinary share/ registered capital	Proportion of ownership interest/voting power/profit sharing		Principal activities
			31 December 2023	31 December 2022	
Directly held by the Company					
Lianyungang Jiatai Construction Co., Ltd.* (連雲港嘉泰建設工程有限公司) ("Jiatai Construction")	The PRC	Registered US$116,790,000	**100%**	100%	Investment holding
Indirectly held by the Company					
Forepower Limited	The British Virgin Islands ("BVI")	Ordinary US$1	**100%**	100%	Property investment in Hong Kong
Focus Clear Limited	BVI	Ordinary US$1	**100%**	100%	Securities trading and investment in Hong Kong
Fortune Team Investment Limited	Hong Kong	Ordinary US$1	**100%**	100%	Money lending
Future Rise Investments Limited	BVI	Ordinary US$1	**100%**	100%	Trading of securities listed in overseas exchange
Genwo Limited	Hong Kong	Ordinary HK$200,000	**100%**	100%	Property development
Honest Opportunity Limited	BVI	Ordinary US$1	**100%**	100%	Securities trading and investment in Hong Kong and overseas
Join Capital Limited	Hong Kong	Ordinary HK$2	**100%**	100%	Investment holding
Kintic Limited	Hong Kong	Ordinary HK$2	**100%**	100%	Property investment
Sparkling Summer Limited	BVI	Ordinary US$6,500,000	**100%**	100%	Securities trading in Hong Kong
Star Telecom Properties Limited	Hong Kong	Ordinary HK$200	**100%**	100%	Investment and property holding
Widerich Limited	Hong Kong	Ordinary HK$2	**100%**	100%	Property investment
Nanjing Tongren Industrial Co., Ltd.** (南京同仁實業有限公司)	The PRC	Registered RMB80,000,000	**80%#**	80%#	Property development
Nanjing Tongren Hospital Co., Ltd.** (南京同仁醫院有限公司)	The PRC	Registered RMB50,000,000	**80%#**	80%#	Operation of a hospital in Nanjing

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Particulars of the principal subsidiaries at the end of the reporting period are as follows: (Continued)

Name of subsidiary	Country/ place of incorporation/ registration	Nominal value of issued ordinary share/ registered capital	Proportion of ownership interest/voting power/profit sharing		Principal activities
			31 December 2023	31 December 2022	
Indirectly held by the Company (Continued)					
Kunming Tongren Industrial Development Co., Ltd.** (昆明同仁實業開發有限公司)	The PRC	Registered RMB80,000,000	**100%#**	100%#	Property development
Kunming Tongren Hospital Co., Ltd.** (昆明同仁醫院有限公司)	The PRC	Registered RMB80,000,000	**100%#**	100%#	Operation of a hospital in Kunming
Tongren Healthcare Industry Group Co., Ltd.** (同仁醫療產業集團有限公司)	The PRC	Registered RMB200,000,000	**100%#**	100%#	Investment holding
Aveo China (Holdings) Limited ("Aveo China")	BVI	Ordinary US$4,000	**100%**	100%	Investment holding
Tide Properties Development (Shanghai) Co., Ltd.** (德地置業發展(上海)有限公司) ("Tide Properties")	The PRC	Registered RMB388,000,000	**100%##**	100%##	Property development and property investment for eldercare operation
Shanghai Tide Healthcare Management Co., Ltd.** (上海德地健康管理有限公司) ("Tide Healthcare")	The PRC	Registered RMB2,000,000	**100%##**	100%##	Elderly house operation and provision of healthcare services
Shanghai Tide Nursing Hospital Co., Ltd.** (上海德頤護理院有限公司) ("Tide Nursing Hospital")	The PRC	Registered RMB100,000	**100%##**	100%##	Provision of healthcare services

* Wholly foreign-owned enterprise the PRC.

** Domestic owned enterprise in the PRC.

These companies are held indirectly by Jiatai Construction. The percentage shown above represents the Company's effective interests in the respective companies.

Tide Properties, Tide Healthcare and Tide Nursing Hospital are held indirectly by Aveo China. The percentage shown above represents the Company's effective interests in the respective companies.

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results, assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

All subsidiaries operate principally in their countries/places of incorporation/registration unless otherwise specified under "Principal activities".

None of the subsidiaries had any debts securities subsisting as at 31 December 2023 and 2022 or at any time during the respective years.

At the end of the reporting period the Company has other subsidiaries that are not material to the Group. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Principal place of business	Number of subsidiaries	
		2023	2022
Property development	PRC	**1**	1
Investment holding	Hong Kong/PRC/BVI	**44**	45
		45	46

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

46. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2023 HK$'000	2022 HK$'000
Non-current asset		
Interests in subsidiaries	**413,847**	413,847
Current assets		
Debtors and prepayments	**3,829**	1,417
Amounts due from subsidiaries	**—**	320
Bank balances	**404,970**	393,431
	408,799	395,168
Current liabilities		
Accrued charges	**4,084**	3,421
Amounts due to subsidiaries	**133,844**	439,098
	137,928	442,519
Net current assets/(liabilities)	**270,871**	(47,351)
Net assets	**684,718**	366,496
Capital and reserves		
Share capital (Note 34)	**10,860**	7,240
Reserves (Note)	**673,858**	359,256
Total equity	**684,718**	366,496

Note: As at 31 December 2023, reserves of the Company included share premium of HK$2,927,046,000 (2022: HK$2,621,374,000), capital redemption reserve of HK$2,496,000 (2022: HK$2,496,000) and accumulated losses of HK$2,255,684,000 (2022: HK$2,264,614,000). Movements of the Company's share premium and capital redemption reserve are disclosed in the consolidated statement of changes in equity. The movements of the Company's accumulated losses is attributable to loss for the respective financial year.

SCHEDULE OF PRINCIPAL PROPERTIES

Details of the principal investment properties, properties under development for sale and properties held for sale of the Group as at 31 December 2023 are as follows:

A. Investment properties

Location	Approximate net floor area (sq.ft.)	Use	Group's interest	Lease term
Hong Kong				
2 industrial units and 1 carpark within Lladro Building, Kwun Tong, Kowloon	18,125	Industrial	100%	Medium-term lease
	N/A	Carpark	100%	Medium-term lease
6 industrial units and 1 carpark within Wing Cheung Industrial Building, Kwun Tong, Kowloon	6,918	Industrial	100%	Medium-term lease
	N/A	Carpark	100%	Medium-term lease
2 industrial units within Crown Industrial Building, Kwun Tong, Kowloon	5,689	Industrial	100%	Medium-term lease
A parcel of land in Fanling, New Territories	52,859	Agricultural	100%	Medium-term lease
The PRC				
Villa and units within Fairway Lodge, Zhaoqing Resort & Golf Club, Huilong Town, Gaoyao, Guangdong Province	8,833	Residential	100%	Medium-term lease
Service Apartments, Block 9, Tide Health Campus, Zhujiajiao Town, Qingpu District, Shanghai	83,504	Commercial	100%	Medium-term lease
Service Apartments, Block 11, Tide Health Campus, Zhujiajiao Town, Qingpu District, Shanghai	100,739	Commercial	100%	Medium-term lease
Shops and Mall, Blocks 29, 36 & 39, Tide Health Campus, Zhujiajiao Town, Qingpu District, Shanghai	86,371	Commercial	100%	Medium-term lease
Commercial units within Tide Health Campus, Zhujiajiao Town, Qingpu District, Shanghai	14,106	Commercial	100%	Medium-term lease

SCHEDULE OF PRINCIPAL PROPERTIES

B. Properties under development for sale

Location	Approximate net floor area (sq.ft.)	Use	Group's interest	Stage of completion	Estimated date of completion
The PRC					
Units within Office Tower, CITIC Plaza, Tianhe District, Guangzhou, Guangdong Province	12,751	Commercial	100%	Planning in progress	N/A
A parcel of land located outside the Export and Processing Zone, Development Zone, Lianyungang City, Jiangsu Province	71,747	Commercial	100%	Planning in progress	N/A
Service Apartments, Block 7, Tide Health Campus, Zhujiajiao Town, Qingpu District, Shanghai	93,505	Commercial	100%	Planning in progress	N/A

C. Properties held for sale

Location	Approximate net floor area (sq.ft.)	Use	Group's interest
The PRC			
5 residential units and 162 carparks within Kangya Garden, Kangbo Garden, Jiangning District, Nanjing	6,367 23,536	Residential Carpark	80% 80%
129 carparks in Dianchi Impression Garden, Xishan District, Kunming City, Yunnan Province	60,458	Carpark	100%
11 units of Independent Living Units and 389 Carparks, Tide Health Campus, Zhujiajiao Town, Qingpu District, Shanghai	14,761 168,538	Commercial Carpark	100% 100%

FINANCIAL SUMMARY

The results and the assets and liabilities of the Group for the past five financial years, as extracted from the Group's published audited consolidated financial statements and reclassified as appropriate, are set out below:

RESULTS

	For the period from 1 July 2018 to 31 December 2019 HK$'000	For the year ended 31 December 2020 HK$'000	2021 HK$'000	2022 HK$'000	**2023 HK$'000**
Revenue	1,841,346	1,194,148	1,463,495	1,437,863	**1,568,824**
Gross proceeds from sales of investments held for trading	200,744	3,248	2,184	—	**3,481**
	2,042,090	1,197,396	1,465,679	1,437,863	**1,572,305**
(Loss)/profit before taxation	(28,811)	(96,562)	(110,468)	(117,169)	**35,404**
Income tax credit/(expense)	38,611	(8,577)	(16,802)	(1,976)	**(14,912)**
Profit/(loss) for the period/year	9,800	(105,139)	(127,270)	(119,145)	**20,492**
Attributable to:					
Owners of the Company	2,176	(111,928)	(137,296)	(123,574)	**11,295**
Non-controlling interests	7,624	6,789	10,026	4,429	**9,197**
	9,800	(105,139)	(127,270)	(119,145)	**20,492**

ASSETS AND LIABILITIES

	As at 31 December 2019 HK$'000	2020 HK$'000	2021 HK$'000	2022 HK$'000	**2023 HK$'000**
Total assets	3,303,009	3,425,174	3,489,538	3,232,534	**3,617,395**
Total liabilities	(1,492,548)	(1,624,540)	(1,772,282)	(1,653,675)	**(1,707,052)**
	1,810,461	1,800,634	1,717,256	1,578,859	**1,910,343**
Equity attributable to owners of the Company	1,804,626	1,785,074	1,700,597	1,554,942	**1,872,489**
Non-controlling interests	5,835	15,560	16,659	23,917	**37,854**
	1,810,461	1,800,634	1,717,256	1,578,859	**1,910,343**